

support and carry out the terms of any private contract which may be entered into between an American investor and any national of the country where the loan is made and to make no discrimination in its tax or fiscal policies between its own citizens and those investing pursuant to the Marshall plan.(21)

It must be recognized as a basic tenet of sovereignty that no government can by present contract abdicate from its power in the future to change national policy as internal needs shall dictate, until and unless guarantees from an international body extend the doctrine of collective security to the economic field, supplying currency-and-exchange support in such fluidity as to bridge the crises which breed extreme autarchical and sometimes militant nationalism. As the Federal Reserve Bank protects its member banks so some day will international cooperation protect member countries. This day is not yet!

This proposal in no way would violate the principle stated or interfere with internal policies of a participating country, because no contract for private investments would be approved by the country in question, or the administrator, until the terms of that contract were satisfactory and acceptable. This leaves a wide latitude of business initiative to the individuals involved, as in everyday business life, but in the end when the participating country does approve the contract, then it pledges itself morally and legally to respect and honour the terms of that contract. A commitment to this policy as a condition of accepting Marshall plan assistance would not only have the dignity of a treaty between nations but would clear away most of the investors' resistance.

II. The five per cent limit on guarantees: Assuming that the appropriation will be \$6,800,000,000, this would limit private investment guarantees to \$340,000,000.

The guarantee principle, properly applied, could very largely fill the void between the present minimum requirement of \$6,800,000,000 and the much disputed gross amount necessary to effect recovery. There is not the slightest doubt that participating governments will absorb the \$6,800,000,000 for high priority government projects and no one knows what additional sum will be required.

Then why not authorize guarantees to private investors in a separate and additional amount approximating the amount of our investment in Europe, say \$4,000,000,000. Such a guarantee offers a flexible margin instead of an arbitrary statutory limit. If the guarantee is used, fine! If not used, there is no harm done.

A guarantee has the possibility of costing nothing at all, or

(21) The Finance Minister of the Netherlands wrote a letter assuring the United States Government that this nondiscrimination policy was the policy of the government, but the letter could not constitute a binding commitment and adherence to it rests on the acknowledged moral integrity of the Dutch people and their government.