

## U. S. Action on Ten Points

From Our American Correspondent

September, 19.

THE TALKS on Britain's dollar crisis resulted in general agreement as to the lines on which the problem has to be tackled and on the responsibility of each country, in the matter. From the text of the joint *communiqué* on the three-power talks it will be noticed that some of arrangements and that in many cases details, have to be worked out. What is certain however, is that under no circumstances will the U. S. allow the British economy to weaken, let alone collapse.

On their part, the U. S. Government have been moving rapidly to implement their share of the obligations. The E. C. A. has made available to Britain \$175 million for the purchase of Canadian wheat and flour in spite of the fact that wheat has been declared as surplus in the U. S. Besides, \$34 million has been made available to defray port charges for British ships in American ports. It will be recalled that shipping was one of the subjects singled out for joint action to help Britain's dollar earnings.

The other important measure passed by the U. S. Congress that will facilitate the flow of goods to the U. S. from Britain as well as other countries is the Reciprocal Trade Agreements Bill. The above measure revives the power of the President of the United States to reduce tariffs in exchange for similar concessions offered by other countries. The Reciprocal Trade Agreements programme was developed by the former Secretary of State, Mr. Cordell Hull, to mitigate the harm done by the notorious

Smoot-Hawley tariff. The Reciprocal measure was being renewed periodically. Last year, however, the Republican dominated Congress introduced a restrictive modification, *viz.*, the Peril Point Requirement. According to this, the U. S. Tariff Commission could put limits beyond which the President could not ordinarily go in the matter of tariff concessions. The measure expired last June end, and the Administration was anxious to renew it, without the Peril Point Amendment. The move has succeeded; the Congress passing it, without the Peril Point clause.

The U. S. Government stated subsequently that concessions made to Britain to solve her dollar problem would be equally applicable to all the Marshall-Aid countries of Europe. This has removed fears of an exclusive Anglo-American-Canadian enclave.

The ghost that seems to be rearing up its head again is, as mentioned last week, the talk of scaling down the sterling balances. These balances form one of subjects covered by the joint *communiqué* which is guarded on the subject and there is nothing to show that any scaling down is contemplated. The paragraph relating to it concludes: "It was agreed that this was one of the subjects which concerned other countries and would require further study." Some of the newspapers here mention the possibility of the U. S. taking over the responsibility for the payment of sterling balances.

The most important event in Washington during the week was,

of course, the fourth annual meeting of the Board of Governors of the International Monetary Fund and of the International Bank, which commenced on Tuesday, the 13th in monsoon weather and excluded on Friday, the 16th. This year the Governors from France presided over the sessions. Unusual importance was attached to this year's meeting of the Fund, because of South Africa's proposal to raise the price of gold, and (2) the likelihood of discussions for the establishment of realistic exchange rates of currencies. It will be remembered that Mr. Snyder, the U. S. Secretary of Treasury has been repeatedly saying that the I.M.F. was the proper body to consider the question of exchange rates.

No discussions were held in public on the question of exchange rate changes, and properly so, although the Governor for Czechoslovakia made such a proposal. What private discussions took place what decisions were agreed upon informally, would be known before this despatch reaches you. The U. S. Secretary of Treasury, however, in a talk to reporters, said he agreed with the Fund's report that devaluation was a possible remedy to the problem of dollar shortage, though he hastened to add that he had put no pressure on any country to take such a step. This disclaimer has not, however, quietened rumours.

On the question of gold prices, interesting developments took place. South Africa moved a resolution to the effect that "nothing in the Articles of Agreement of the Fund shall be interpreted to prevent the sale, by the Government of any member, of newly-mined gold in any market at such premium prices as may be ruling in that market *provided* the said member sells to the Fund

or to one or more members of the Fund, or transfers to its own monetary reserves at least fifty per cent of its newly-mined gold at the price from time to time current in terms of the Articles of Agreement of the „Fund.“ Philip-pines supported the proposal, which was referred to a Com-mittee. The U. S. Secretary of the Treasury made it clear that his Government was opposed to any change in the dollar price of gold. He felt that South Africa's proposal raised complex and im-portant policy considerations and needed to be studied carefully by the Committee. Later, South Africa withdrew the resolution because it thought the resolution was too narrow, for, what South

Africa had in mind primarily was a general rise in the price of gold. Towards the end it was decided, however, to refer the subject for detailed study by the Fund staff and consideration by the Board of Executive Directors, and re- port to the Board of Governors next year. So the matter is post-poned by a year, during which many changes may take place, making a rise in the price of gold in terms of dollars unnecessary or relatively unimportant.

As regards the Bank, the chief news is that in the coming year a growing proportion of the Bank's loans would be made to backward countries in line with President Truman's Point Four programme.

The Governors of India have been elected chairmen of the Board of Governors for the com- ing year. The next annual meet- ing of the Board of Governors will be held in Paris. Speaking at the closing session of the con- ference, Sir Chintaman Desh- mukh, the Governor for India, pledged the support of his Gov- ernment to the realisation of the objectives of the Fund and the Bank. He said that the three- power talks led him to hope that the United States will be willing to fill the role which her magni- ficent range of material and human resources fit her to fill, and, if not to shoulder the burden of Atlas, to become the main pillar of the democratic world,

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