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Committee on Purposes, Policies, and Subscriptions  
Meeting - June 20, 1944 A. M.

Plumptre - Canada, Basch - Czechoslovakia, Bulhoes - Brazil,  
Bystrov - Russia, France - Mossé

Chairman - *Tsiang* - China  
Secretary - Minskoff

Goldenweiser, Livesey, Bourneuf, Brigden - Australia.

1) Depositories and Form of Currency Holdings

Basch says member country should name depository - Minskoff says country supposed to suggest depository - would be mentioned in other parts of document.

Mossé says if currency to be kept in member countries, Fund should have the right to choose the depository.

Basch disagrees - Central Banks will want deposits with it.

China - Fund must recognize the designation of the member country.

Goldenweiser agrees with Basch because of effects on domestic money markets - proper place is Central Bank.

Mossé - depository will have no right to prevent transfer of funds.

China - thinks country's representative will be consulted on any use of funds.

Goldenweiser says this concerns the funds that are not used - doesn't affect the right to use the currency.

Mossé - Won't affect money market.

Goldenweiser - Question of deposits - not currency.

China - Then result - member shall recommend the depository.  
Question whether Fund should have right to refuse the depository.

Basch - Fund can only deal with central banks, treasuries, or fiscal agencies. Therefore Fund can't refuse the designation of the member country.

Plumptre - III-1 refers to what member countries can do - not the Fund.

Goldenweiser -- should say Central Bank or other depository recommended by country.

-- should redraft this document to make it consistent with III-1.

Basch -- wants to say Central Bank when there is one, or if there is none, the institution recommended by the member country.

China -- says this is the sense of the meeting -- wonders if there is a legal point that Fund can refuse.

Goldenweiser -- Fund should not have the power to refuse.

China -- prefers word "recommended" to "designated".

Minskoff -- says if leave "recommend" -- will be flexibility.

Bulhoes -- can't be a private bank -- must be a monetary authority.

China -- will ask general meeting whether would change from recommend to designate.

Goldenweiser -- Member can give deposit of 10 per cent of its quota and other 90 per cent in non-interest bearing securities.

Basch -- This is a great improvement.

Mossé -- But the securities are demand securities -- will have to arrange for raising money.

Goldenweiser -- Government must be able to meet sudden demand by drawing down its working balance.

Basch -- Thinks much better this way.

China -- Agrees with Basch.

Plumptre -- Means national government.

On 2

Basch - What are "other assets"? Only possibility is collateral or currencies of non-member countries.

Plumptre - will hold government bills in that member country. Currency defined to include this.

Basch - Then 1. deals with all currency holdings of the Fund, not just the initial subscriptions.

Mossé - Why gold only in four countries -

Plumptre - says should say "such depositories in other countries".

Mossé - Why obligated to hold in at least the four major countries. France would say five countries here instead of four.

Goldenweiser - Just a suggestion -

Plumptre - if don't say how much -- doesn't mean much.

Goldenweiser - Question of physical location, not economic question but political.

Plumptre - Last sentence -

Goldenweiser - Only use is for political purposes in this country.

Mossé - Would like ratio to gold contributions to be used.

Goldenweiser - This would not be related to needs in that country.

Mossé - Might help politically for other countries to use relation to quota.

Minskoff - Would have unfortunate consequences on economic need of gold in various countries.

Plumptre - Drafting suggestion - start with general statement that Fund may hold other assets including gold in the designated depository in any member country and shall hold etc. Goldenweiser likes this suggestion.

Mossé - Back to point that three other major countries may have only one piece of gold. Suggests relation to subscription.

Basch - Would keep 2 as is, as reworded by Plumptre - thinks concentration better.

Bulhoes - Would leave out 4 - so would France. Plumptre doesn't much like the mention - but doesn't care.

Basch - Suggests 10 per cent of quotas instead. China objects.

Mossé wants to say apportion according to needs etc. and subscriptions.

Bourneuf - Sounds bad.

Mossé - If U. S. going to keep its gold at home others will want to.

Goldenweiser - agrees that Mossé's phrasing is O. K.

Livesey says 4 countries must be mentioned - past discussions.

Goldenweiser says reference to subscriptions would take care of four major countries.

Mossé makes his motion. Basch objects that too flexible- will simply transfer argument to first meeting of Fund. Basch agrees with me that reference to subscriptions bad. But Basch doesn't stand out.

China - Suggests postpone decision on Mossé's motion till tomorrow's meeting - not report on 2. at 4 o'clock meeting.