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COMMITTEE ON PURPOSES AND POLICIES

Tsiang - Bystrov, Bulhoes, Mosse, Hexner, Plumptre, W. A. Brown, Goldenweiser, Livesey, Minskoff, Bourneuf.

Mosse's proposal for wording of first part of 2.

"The Fund may _____ in such member countries as the Fund may select, having due regard for the probable needs, the size of the gold subscription of each member country, and the shipping facilities.

Bystrov - "About one-half of the Fund's gold" for second sentence.

Wants reference to four countries - safest in case of possible aggression.

Bulhoes - Fund would watch out for safety of Fund deposits.

Goldenweiser - Thinks four principal countries sure to have some under Mosse's draft.

Tsiang - prefers secretariat draft.

Bourneuf - idea that gold held be related to gold subscription very bad in principle.

Tsiang - would change Mosse's second clause to "size of quotas" - rather than size of gold subscriptions.

Bystrov - says no better - insists on his own wording.

Plumptre - "about" would prevent holding more -

Hexner - "about" better - gives the Fund more liberty - then retracts.

Tsiang - likes "about"

Bourneuf - reference to subscriptions in first sentence limits flexibility unduly.

Bulhoes - would eliminate reference to quotas in first sentence.

Mosse - Not in mind rigid proportionality.

Tsiang - Will report Mosse's proposal and Bystrov's objection - Tsiang agrees with Bystrov.

Plumptre - would prefer no mention of quota and gold subscription.

Hexner - Mosse's suggestion gives discretion to Fund.

Tsiang - Much more discretion in Mossi's suggestion than in flimsy.

Mosse - Less discretion on size of deposit in any suggestion.

Plumptre - "about" in second sentence - would say "not less than about one-half"
Seems to be general agreement.

Bulhoes - wants no reference to size of quotas - otherwise prefers present
flimsy.

Bystrov - doesn't want more than 1/2 in U. S.

Payment of Subscriptions

1. Date of payment -

- Hexner - assumes interval with reference to par values.
- Committee approves present draft.

Mosse - What will be status of subscription paid? Can members count subscriptions
as reserves? What about withdrawal?

Goldenweiser - question of reserves a matter for individual country to decide -
no reference in international draft. Hexner agrees - reference to
meetings a year ago. Goldenweiser would be much opposed to any
recognition of this in international agreement.

Gold Payments

Goldenweiser raises question of definition of official holdings. Proposals
being prepared by secretariat. All agree to recommend that some definition
be worked out.

Bystrov - Proposes - 75 per cent - 50 per cent of amount would otherwise have
to pay depending on the extent of damage suffered. Russia's to be
50 per cent.

Mosse supports Bystrov. For France - subsequent payments in gold much more
important than original subscriptions - six times as much if use
whole quota in four years.

Goldenweiser suggests must be taken up at several meetings - whether privilege
to occupied country should be temporary or permanent.

Plumptre - would be very difficult to decide as between 50 and 75.

Goldenweiser - 10 per cent pretty small - 7-1/2 per cent smaller.

Tsiang - supports Goldenweiser.

Bourneuf - important to Fund to have certain proportion to gold.

Tsiang agrees with Bourneuf

On 3 -

Hexner - Only applies to special increases - not to 10 per cent unallocated -

Goldenweiser - No - doesn't apply to 10 per cent - but to adjustments after three years - applies to any change in accordance with changed conditions.

On second paragraph of 3 -

Plumptre - why "or gold"?

Bourneuf - necessary - may be no gold.

Goldenweiser - country has right to demand some gold.

Plumptre - need and/or gold.

Purposes and Policies

Flimsy = Joint Statement

Tsiang - proposes take up tomorrow.