



Costa Rica

AIRGRAM

RESTRICTED

AMERICAN EMBASSY
SAN JOSE, COSTA RICA
Date: June 27, 1944 a.m.
Rec'd: June 30, 1 p.m.

Secretary of State
Washington.

A-407, June 27 9:00 a.m., 1944

Referring to the Embassy's despatch no. 1551 of June 19, 1944, the Embassy is now informed that Costa Rica's delegation to the United Nations Monetary and Financial Conference to be held at Bretton Woods on June 24, will be constituted by the following persons:

Senor Francisco de P. GUTIERREZ Ross, Costa Rican Ambassador at Washington (former Minister of Finance, Calderon Guardia Adm.);

Lic. don Luis Demetrio TINOCO Castro, Dean of Economic Sciences, University of Costa Rica (former Minister of Education and provisional Minister of Finance);

Senor Fernando MADRIGAL, well-known local merchant and official of the Chamber of Commerce.

In addition to the foregoing three Delegates, Senor Jose Rafael OREAMUNO will act as Adviser to the Delegation.

Senor Tinoco left several days ago en route to the United States, via New Orleans, and Senor Madrigal is expected to depart today or tomorrow.

DES PORTES

551/851
RTR-mm

ef:copy
7-3-44

The Ambassador of Costa Rica presents his compliments to the Honorable The Secretary of State and has the honor to refer to his note of June 6, 1944 which was in reply to the Secretary's note of May 26, 1944 regarding the forthcoming United Nations Monetary and Financial Conference to convene at Bretton Woods on July 1, 1944.

The Ambassador is pleased to inform the Secretary of State that the Government of Costa Rica has designated the following delegation to represent it at the Conference:

Senor Don Francisco de P. Gutierrez, Delegate
Ambassador of Costa Rica in Washington
Former Minister of Finance and Commerce
Senor Licenciado Don Luis Demetrio Tinoco, Delegate
Dean, Faculty of Economic Sciences, University
of Costa Rica
Former Minister of Finance and Commerce
Former Minister of Public Education
Senor Don J. Rafael Oreamuno, Counselor
Member, Inter-American Financial and Economic
Advisory Committee
Member, Inter-American Coffee Board
Former Minister of Costa Rica in Washington

Embassy of Costa Rica,

Washington, D. C., June 19, 1944

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6/23/44

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

DIVISION OF
COMMUNICATIONS
AND RECORDS

DSH-907

This telegram must be paraphrased before being communicated to anyone other than a Government Agency. (RESTRICTED)

San Jose

Dated June 13, 1944

Rec'd 4:16 p.m.

Secretary of State,

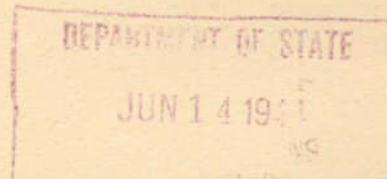
Washington.

348, June 13, Noon.

Reference airgram A-357 of June 2, 8:55 a.m. Embassy understands that Costa Rican delegation to Monetary Conference will be composed of Ambassador Gutierrez Ross, Ramon Madrigal now in the United States and Luis Demetriosy who wishes to leave here about June 24. Official confirmation expected today or tomorrow. What daily rate will Mount Washington Hotel charge.

DES PORTES

HTM



AIRGRAM

AMERICAN EMBASSY

SAN JOSE, COSTA RICA

Dated June 2, 1944 a.m.

Rec'd June 6 8am

SECRETARY OF STATE

WASHINGTON

DEPARTMENT OF STATE

JUN 7 1944

DIVISION OF
COMMUNICATIONS & RECORDS

A-357 of June 2, 1944 8 55 a. m.

With reference to the Department's circular telegram of May 25, 5 p. m., concerning a Monetary and Financial Conference to be held beginning July 1, 1944, the Embassy has learned that the Acting Minister of Finance is discussing this question with the President of the Republic. A decision is expected within a few days.

The Acting Minister of Finance, Señor Alvaro BONILLA Lara, last night informed an officer of the Embassy that he himself was most desirous of attending the Conference, but he was not certain whether it would be possible for him to leave so soon after taking over the post. In any event, he was going to make certain that Señor Luis Demetrio TIMOCO, former Minister of Finance, would be a member of the Delegation.

DES PONTES

TELEGRAM SENT

This telegram must be paraphrased before being communicated to anyone other than a Government agency. (DN).

April 18th 1944

8 p.m.

U.S. URGENT

AMEMBASSY

SAN JOSE (COSTA RICA)

CIRCULAR

Please communicate the following message from the

Secretary of the Treasury to the Minister of Finance and Julio Peña.

BEGIN QUOTE. 1. Discussions on proposals for international monetary cooperation have been held by the technical experts of the United States with the technical experts of some thirty countries. From the discussions it seems clear that it is the opinion of the technical experts that the most practical method of assuring international monetary cooperation is through the establishment of an International Monetary Fund.

2. On Friday, April 21, 1944 Secretary Morgenthau will appear before the appropriate Congressional committees to inform them of the progress which has been made with regard to international monetary cooperation. At that time he will present to them a Joint Statement of the views of the technical experts of the United and Associated Nations as to the principles which they believe should be the basis

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-2-CIRCULAR, April 18, 8 p.m., to San Jose (Costa Rica)

for a Fund. The Statement will be published in the press on April 22, 1944.

3. This Joint Statement will be a technical document only. Governments would not be asked to give final approval to these principles until they are embodied in the form of definite proposals by the delegates of the United and Associated Nations meeting in a formal conference.

4. It is important that the summary of the statement given below should be treated as confidential and that it not be released for publication prior to April 22, 1944. The full text of the Joint Statement is being sent by air.

A summary of a draft of the Joint Statement follows:

Beginning of Summary.

The experts propose the establishment of an International Monetary Fund as a permanent institution for international monetary cooperation. The purposes would be to promote exchange stability, assure multilateral payment facilities, help lessen international disequilibrium and give confidence to member countries. All of the United and Associated Nations would subscribe approximately \$8 billion to the Fund in the form of gold and local currency in accordance with an agreed formula. The resources of the Fund would be

available under adequate safeguards to help member countries to maintain exchange stability while they correct maladjustments in their balance of payments.

Member countries would be able to buy foreign exchange from the Fund with their own currency to meet payments consistent with the purposes of the Fund until the Fund's total holdings of their currency reach 200 percent of their quota. If a member country makes use of the Fund in a manner contrary to its purposes and policies, the Fund would give appropriate notice that it would sell additional exchange to the member country only in limited amounts. Member countries holding adequate gold and exchange resources would be expected to pay for half of their exchange purchases with gold, and countries whose official holdings of gold are adequate and are increasing would be expected to use half of the increase to repurchase part of the Fund's holdings of their currency.

When the Fund's holdings of a currency become scarce, the Fund would issue a report and make recommendations designed to increase the supply of such currency. In the meantime, after consultation with the Fund, member countries would be authorized temporarily to restrict freedom of exchange operations in the scarce currency.

-4-CIRCULAR, April 18, 8 p.m., to San Jose (Costa Rica)

The Fund's resources could not be used to meet a large outflow of capital, although they could be used for capital transactions of reasonable amount. A member country could also use its own resources of gold or foreign exchange for capital transactions that are in accordance with the purposes of the Fund.

The par value of the currencies of member countries would be expressed in gold and could be changed only at the request of member countries. The Fund would approve a requested change in parity if it were essential to correct fundamental disequilibrium. After consultation, a member country would be permitted to change the parity of its currency by not more than 10 percent. Prompt consideration would be given to requests for adjustments of exchange rates.

The Fund would be governed by a board and an executive committee representing the members. Voting power would be closely related to quotas. A member country could withdraw from the Fund immediately by giving notice in writing. Thereafter, the reciprocal obligations of the Fund and the country would be liquidated within a reasonable time.

Member countries would not allow exchange transactions at rates outside a prescribed range based on the agreed parities.

-5-CIRCULAR, April 18, 8 p.m., to San Jose (Costa Rica)

They would not be permitted to impose restrictions on payments for current international transactions, or to engage in discriminatory currency arrangements or multiple currency practices without the approval of the Fund.

During the period of transition following the war, member countries would be permitted to retain their exchange controls with the expectation that these would be gradually relaxed. Three years after the establishment of the Fund any member still retaining restrictions inconsistent with these principles would consult with the Fund as to their retention. The transition period is recognized as one of change and adjustment and in deciding on requests presented by members the Fund would give them the benefit of any reasonable doubt.

END OF SUMMARY AND QUOTE.

Repeat mutatis-mutandis to Amembassy, Ciudad Trujillo
Amembassy, Panama
Amembassy, Quito
Amembassy, Montevideo

In first paragraph in place of "Minister of Finance and Julio Pena" substitute "Minister of Finance".

-6-CIRCULAR, April 18, 8 p.m., to San Jose (Costa Rica)

To Embassy, Port-au-Prince. In place of "Minister of Finance and Julio Pena" substitute "Minister of Finance and Chauvet".

To Embassy, Santiago. In place of "Minister of Finance and Julio Pena" substitute "Minister of Finance and Illanes".

To Embassy, Asuncion. In place of "Minister of Finance and Julio Pena" substitute "Minister of Finance and Gonzalez".

To Embassy, Caracas. In place of "Minister of Finance and Julio Pena" substitute "Minister of Finance and Corredona and Guerrero".

HULL
(EGC)

FMA:EGC:ee
4/18/44