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TREASURY MEETING - SEPTEMBER 24, 1943

U. K. - Keynes, Robbins, Robertson, Opie, Mead, Baster,
Thompson-McCausland, Whaley

U. S. - Bernstein, Luxford, Casady, Richardson, Currie,
Cohen, Coe, Goldenweiser, Hansen, Gardner, Berle,
Livesey, Brown

While waiting for the State Department delegation, and before starting Keynes' exposition, Bernstein explained the operation of V,2,(d). The Fund would make specific amounts available for limited future periods - say 3 to 6 months. This arrangement might be renewed over and over so long as the policy of the country seemed appropriate in the judgment of the Fund. This didn't satisfy Keynes at all. - A vigorous discussion ensued on whether or not the Fund should have the right to withhold assistance from a country of whose policy it disapproves. In the course of this discussion the point was made that a serious maladjustment might arise and be financed by independent gold reserves long before there was resort to the Fund. The Fund might need to act to correct the situation the moment the country came to it for assistance, if not before. Mr. Goldenweiser, however, seemed to feel that a country like England should not become subject to the Fund's judgment until after it had made substantial use of the Fund.

Keynes then explained his proposal at length. Main points: 1) separation of quota, voting power, and commitment; 2) 12-1/2 per cent of quota in gold which remains pledged and is not for use in normal operations; 3) gradual accumulation of gold thereafter from those who are parting with gold anyhow; 4) no abrupt stopping point in practice on the commitment.

At this point it became necessary to give full attention to what Keynes was saying and I ceased taking notes. It may be stated, however, that before he finished, Keynes also dealt again with the question of freedom to use quotas without interference from the Fund.

At the close Bernstein took up a number of points but in each case left the matter open for consideration by White, who was absent with a cold. He also stated that it would be necessary to ascertain the views of the State Department and the Federal Reserve people.

Next meeting Tuesday at 2:30, subject to confirmation.