MEETING OF BOARD OF GOVERNORS September 28, 1943

Present:

Governors - Ransom, Draper, Szymczak, and McKee Thurston, Clayton, Morrill, Carpenter Goldenweiser, Gardner, Bourneuf

All of those present had a copy of the British proposals of Sept. 21 and Sept. 22, and a copy of Mr. Gardner's memorandum to the Board of Sept. 27, on Lord Keynes' suggested amendments.

Mr. Gardner developed his arguments in favor of larger gold contributions as under the present Treasury draft: a) to reduce independent foreign gold reserves, b) to strengthen the fund, and c) to increase the interests of the members in a wise management of the fund.

Governors Ransom and McKee felt that taking \$2 billion out of the \$11 billion of foreign gold holdings was relatively unimportant. Governor Ransom suggested that foreigners would have their independent gold even if no fund were set up and that the addition of \$3 billion to the fund by the United States might be worthwhile since the fund would presumably have some good effects on member countries policies.

Mr. Gardner objected strenuously to the British position that they should have an undisputed right to use their quotas. Governor McKee supported Mr. Gardner's position.

Mr. Goldenweiser said that as far as the size of gold contributions was concerned he thought that whether foreign countries had 9 or 11 billion dollars of independent reserves would be unimportant. He said it was probable movements which were important, not maximum potentialities. He suggested also that since the British were willing to agree on certain principles governing their actions that their stand on an undisputed right to use their quotas wasn't so very important. He also suggested that the fund would not be able to take strong stands in any case.

There was general agreement that the fund would not be strong enough unless relief and investment programs were undertaken simultaneously.

Mr. Goldenweiser suggested that the Federal Reserve agree to lowering gold contributions but make some stand on the discipline of the fund if only for bargaining purposes. He suggested that the Fund have a right to interfere after a certain percentage of the quota was used up.

It was agreed that the Board would take no official position at this time.