

Bourneuf



MEETING AT TREASURY - SEPTEMBER 28, 1943

Present: U. K. - Keynes, Opie, Robertson, Thompson-McAusland, Baster, Mead
U. S. - White, Bernstein, Luxford, Richardson, Casady, Livesey, Pasvolsky, Brown, Coe, Cohen, Goldenweiser, Gardner, Bourneuf

White questioned usefulness of making foreign quotas much larger than the Fund's gold and dollar holdings. Keynes felt that it was definitely desirable - that all countries can't be exhausting quotas at once - that each country's quota must be big enough to meet their possible needs and quiet their fears and to give them an incentive to join. White said that under U.S. plan a country may get much more help than its quota.

It developed that Keynes wanted \$12 billion fund but felt that if, as White said, they were contemplating a \$10 billion maximum their ideas were not far apart. Keynes is ready to use Treasury formula for quotas probably but would like to see it worked out for several countries.

Keynes said that their real concern was that gold and security contributions be fixed - much opposed to use of British contribution to obtain currencies for other countries, to the Fund's dealing in securities, and to the Fund's taking of any initiative. Wants all initiative and dealings to be on the part of Central Banks. Thinks latter necessary to insure really multilateral clearing.

White didn't see any of their points - said he thought the Fund was really passive and that it acts only through Central Banks. On the vital problem of gold contributions being fixed White said that the American public wanted a Fund that would buy and sell currencies - not a bookkeeping arrangement pulled out of thin air. White also said he thought the strong should be willing to help the weak. White and Bernstein insisted that the actual use of foreign gold contributions was necessary to prevent currencies from becoming scarce.

Keynes agreed that free gold would be needed but said his plan would acquire free gold - creaming process. He implied that rationing might be used also.

Bernstein said that the U.S. fund would keep acquiring gold but would acquire it from those accumulating gold and therefore needing it least. Furthermore such acquisitions of gold don't increase the Fund's liabilities as under the Keynes proposal.

It was brought out by a question from Mr. Pasvolsky that White and Bernstein don't intend the phrase about assets being free from any restrictions as to their use as implying that countries can't control the use of such assets by the Fund just as they control others' assets in their countries.

Next meeting Wednesday at 3:30
Possible meeting on Friday.