

MEETING AT TREASURY  
September 30, 1943

Present: White, Bernstein, Luxford, Richardson  
Livesy, Pasvolsky, Brown, Hansen, Coe,  
Cohen, Clayton, Goldenweiser, Gardner,  
Bourneuf.

The Treasury presented some written suggestions on specific provisions.

It was decided to adopt the suggested III - 1 - (b) and omit III - 1 - (a).

It was decided to adopt the suggested III - 3 but to rephrase it so that there is no suggestion that an alteration of exchange rates can be made without the approval of the Fund.

It was agreed to adopt the suggested IV - 3.

On IV - 5 Mr. Pasvolsky was anxious that a country should not be allowed to move its rate up and down even within a 10% range. It was agreed that IV - 5 should be rephrased to read that aggregate changes of 10% may be made without the approval of the Fund.

V - 1. White explained that this was redrafted to meet the British objection to the phrase "in good standing."

V - 2 - d. Mr. Gardner pointed out that the phrase "more rapidly than provided in V - 2 - b above" should be omitted and White and Bernstein agreed. There was some discussion as to whether V - 2 - b should be on a monthly or quarterly basis but it was generally agreed that, on account of seasonal variations, it should not be.

It was agreed that a country should be allowed  $12\frac{1}{2}\%$  of its quota in the 6 months after it has been given notice, irrespective of whether it had already exhausted its permissible quota for that year, and that there should be no stipulation as to the monthly rate at which it should use that  $12\frac{1}{2}\%$ .

Mr. Goldenweiser felt that the 6 months provision was wise and that there could be no stipulation as to the rate at which the  $12\frac{1}{2}\%$  could be used.

Everybody agreed that VII was allright (except me).

The discussion then turned to the gold provisions. Mr. Goldenweiser said that he personally would not insist on large contributions.

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He thought the main virtue of larger gold contributions was to strengthen the Fund and that we should explain to the British that we had no interest in increasing our gold holdings but felt that gold contributed to the Fund would help to prevent a breakdown and help the Fund to meet the members' demands for particular currencies. Mr. Pasvolsky agreed with Mr. Gardner that the less gold foreign countries contribute to the Fund the more gold will probably flow to the United States.

Mr. White said that a formula which got about  $\$1\frac{1}{2}$  billion of foreign gold into the Fund would be allright if foreign quotas (excluding the Axis and neutrals) totaled \$5 billion and the U. S. quota \$3 billion. Mr. Gardner commented that the British want foreign quotas of \$8 billion, not \$5 billion. It was agreed that II -- 3 on p. 1 would be written in the style of the second alternative -- probably having a range of gold contributions from 0 - 25% of quotas.

Mr. Hansen asked that a provision be inserted giving the Fund power to make reports and recommendations to countries on unbalanced portions even if they are not drawing on the Fund.

Next meeting - Saturday at 10:30.