

MEETING AT TREASURY - OCTOBER 9, 1943 10 A.M.

Present: White, Bernstein, Luxford, Battersman, Pasvolsky,
Brown, Livesey, Gardner, Bourneuf.

White said that nothing in the directive or statement of principles is supposed to be inconsistent with the minutes. The minutes are to be agreed on or no further action will be taken by the United States. At present listing point^s of disagreement; both in directive and in minutes.

White said Opie told him that the United States did not have to give in on the gold contributions. Berle felt that, irrespective of what Opie said, Keynes would be able to keep London from giving in.

Pasvolsky suggested that the formula for gold contributions be somewhat simplified as follows: 25 per cent of quota, or 10 per cent of gold holdings whichever is smaller. All present agreed to stand pat on that formula as a minimum.

Cohen again urged some plan for holding a certain part of the gold as a reserve against the total liabilities of the Fund. White said he didn't think the British would like it. Bernstein was much opposed to any compromise along these lines. Cohen and Pasvolsky thought that some gold held as a reserve might be pledged against borrowings from the United States, for example. However, all finally agreed to stand pat on the free gold subscription.

White suggested that the point at which a member is required to use up its independent gold at the same rate as it draws on the Fund be changed from when its gold holdings equal 1/2 of its quota to when its gold holdings are equal to its quota. All agreed.

Pasvolsky suggested that we take the British proposal that a country must sell part of its increment of gold only for the Fund's local currency holdings in excess of its quota. All agreed.

All agreed to adopt the British proposal that all members are expected to sell gold through the Fund.

White suggested that we stand pat on our own provision for qualitative controls but take the British suggestion of 25 per cent per year rather than fixed amounts for the first four years.

White suggested eliminating 5 (ii) (a) in Treasury Oct. 8 draft and Bernstein agreed but said would have to make sure somehow that members can't build up idle balances.

Bernstein said that the United States would have a total U.S. draft to submit to the drafting committee.

Berle launched on a discussion of Russia and England sharing the financial responsibility for the continent of Europe.