

TREASURY MEETING - FEBRUARY 3, 1944

Russians: Chichulin, Zlobin, Morozov, Smirnov, Bystrov, and Kucnuson - interpreter.

Americans: White, Bernstein, Bitterman, Luxford, Richardson, Coe, Cohen, Clayton Collaço, Livesey, Brown Szymczak, Goldenweiser, Gardner, Hansen, Bourneuf

Chichulin said his questions today would be on the Joint Statement. White agreed to give written answers when wanted.

Smirnov wanted to know why International Monetary Fund rather than Stabilization Fund. White explained British and American attitudes.

Smirnov asked why raised from \$5 to \$8 billion. White said so many countries interested in joining and want bigger quotas. Also White said the total had to be reasonable in comparison with contributions of certain countries.

Smirnov asked for estimates of individual contributions on \$8 billion total. White said he would give them rough estimates in writing. Arranged to supplement many of answers in writing and White explained he did not want formal stenographic notes.

Smirnov asked if contributions were to be in full at the outset. White said yes - but mostly as deposit in Central Bank. Will write answer.

Smirnov asked why no longer "official" holdings in 3(2). White said decided to postpone decision as to specific holdings included until formal conference. Differences with British. Will write answer.

Smirnov asked what are the gold and gold convertible exchange holdings of a country. Does this include holdings of Central Bank, Treasury, and also commercial banks. White said he would answer in writing.

Smirnov asked how holdings to be determined. White said each country would be expected to supply the facts once the definition was agreed.

Smirnov asked why new formula for gold contributions stated as per cent of quota or holdings.

Bernstein said there had always been concessions to small gold holding countries. Explained that in Joint Statement any country with holdings less than 2-1/2 times quota gets concession.



White said all agree that some concessions necessary. Americans have stressed need of a strong Fund.

Smirnov asked if estimates of gold contributions for individual countries are available and White said that he would give the Russians their rough estimates but that in many cases the estimates are based on inadequate data.

Smirnov asked why 30-50 per cent in July 10 White Fund and now 25 per cent. Wouldn't it be fairer to determine gold contributions in relation to quotas only which equal available credits and participation? Would it be possible to take Canadian suggestion of further reduction?

Smirnov asked why special concessions on gold contributions of occupied countries in July 10 draft had been dropped. Bernstein answered that since contributions reduced to 25 per cent it doesn't seem necessary. Bernstein agreed with Chichulin that occupied countries are now treated equally with others but if occupied countries have used up more of their gold they obtain concessions.

Smirnov - In January 1944 draft of Joint Statement 4(B) underlined as British. In January draft (really Oct.) of White Fund ask half payment in gold and gold repurchases. White said 4(B) in January draft is way British would like to phrase it. White will explain differences in writing.

Smirnov asked why available credit in first year 25 per cent in Joint Statement whereas was 50 per cent in July 10 draft. Should not occupied countries get larger credits in first year? White explained that their needs should be met by relief and reconstruction loans and not by the Fund. Also the Fund can waive this limit. White will send written answer.

Chichulin - If country puts in 25 per cent in gold it really gets no credit the first year. Bernstein agreed but wandered into discussion of larger right to purchase foreign currencies. White said he would answer in writing.

Smirnov asked how agreed percentage of parity referred to in 5(1) to be determined -- gold points or larger? White said all want range in vicinity of gold points but some differences of opinion and decided would leave decision to the formal conference.



Smirnov asked about capital outflow "in ordinary course of trade" in 8(1) -- does this include repayment of credits or loans for trade purposes? White first said yes but then that he would think it over.

Smirnov asked what kind of method is thought of for apportioning scarce currencies. White said would have to consider situation at time and use many criteria.

Smirnov asked why political and economic importance of member countries should not be considered in distributing voting power. White said quotas were determined partly on that basis and referred to 10 per cent unallocated quotas and said he would answer in writing.

Smirnov asked whether draft of British dated December 11 showing differences was completely superseded by draft given to Russians on January 11 with differences underlined.

White launched into a long irrelevant discussion on differences between monetized and non-monetized versions. He finally mentioned a cable from the British as eliminating some of the underlinings.

Next meeting Wednesday at 10:30