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MEETING AT TREASURY - FEBRUARY 24, 1944

Present: Chichulin, Morozov, Smyrnov, Bystrov, Zlobin, Kucnison
White, Bernstein, Bitterman, Richardson, Coe, Collado, Brown
Szymczak, Goldenweiser, Gardner, Bourneuf

Bernstein summarized the American position on changes in exchange rates. Although the importance of a change in a country's rate depends partly on the size of that country's international trade no distinction can be made on this basis between countries. The Fund can, in practice take this into consideration in granting approval for a change. If a change in the ruble rate did not in fact affect Russia's international transactions the Fund would presumably agree to the change. The Fund will presumably approve a change that does not involve competitive depreciation.

Smyrnov then raised the problem of gold contributions. The Russians believe that occupied countries should make smaller gold contributions since they will need this gold for many purposes -- they suggested 50 per cent of the amount other countries are asked to contribute. Smyrnov referred to the July 10 formula as being more acceptable than the one in the Joint Statement.

White said that in so far as occupied countries had used up more of their gold they receive a concession in the Joint Statement formula and that further concessions to occupied countries seemed unnecessary considering that gold contributions are much smaller than in the July 10 draft. Mr. Gardner pointed out that relief and investment agencies would favor the occupied countries and that they are the appropriate agencies to do long-term financing. Mr. White also mentioned that quotas of occupied countries might be increased out of the special allotment and that occupied countries might be allowed to draw on the Fund beyond the 25 per cent a year limit.

Morozov said that the principle that occupied countries make smaller contributions should be recognized. Smyrnov commented that in spite of relief and investment loans occupied countries will find it more difficult to balance their international transactions. Bystrov commented that 10 per cent of Russia's holdings was a large amount for Russia to contribute and went on to say that special reductions for occupied countries would not reduce the Fund's gold base very greatly.

White suggested that the principle of lower contributions for occupied countries could be recognized by making others contribute more. Chichulin said that Russia was concerned both for the principle and because of the size of its contribution.

Gardner pointed out that the larger a country's gold contribution the larger its right to draw on the Fund. Allocation of extra quotas more effective way to help a country.

Chichulin said he had no other point to raise at this meeting and would telephone early next week to arrange the next meeting.