

MEETING AT TREASURY - FEBRUARY 24, 1944 - 4:15 P. M.

Present: Americans who were at the 3 P.M. meeting except for Governor Szymczak

White said it would be impossible to exclude the Russians from the provisions governing exchange rates and Goldenweiser agreed. White said he thought the Russians might want to change rates to avoid bookkeeping losses or to affect tourist purchases and Mr. Goldenweiser emphasized that one department of the Russian Government may not want to appear in the red.

Bernstein emphasized that the American reaction to special privileges for the Russians would be very strong. Coe and Goldenweiser suggested that in the joint statement a country cannot even propose a change in its rate except for the correction of a fundamental disequilibrium and that this language might be changed to fit the Russian case. Several possible rewordings were suggested -- Gardner suggested "will not propose a change which affects its international transactions". Goldenweiser suggested "will not propose a change if it leads to disequilibrium".

Pasvolsky said he had urged the Russians to consider that changes in their rates were not very important to them and changes in rates of other countries were.

On the gold contributions Bernstein argued that the British would object strongly to any reduction in the gold contributions of occupied countries. White said 25 per cent reduction was conceivable and would reduce gold in Fund by about \$100 million. White felt that giving additional quotas was more to his liking but that many of the occupied countries did not need additional quotas and the 10 per cent allotment was really designed for China and Russia. Pasvolsky suggested that occupied countries might be allowed to make half of their gold contribution after three years. White seemed to like this idea.

White commented that even Keynes was no longer set on the unitas version but one Cabinet member was. He thought the joint statement would not be published until the Russians had agreed. Maybe the Russians will have to take the problem back to Moscow.

Bernstein said he preferred increasing quotas to delayed payments. If delayed, will never be paid.