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MEETING AT TREASURY - MARCH 14, 1944 - 10:30 A.M.

Present: White, Bernstein, Luxford, Richardson, Sundelson, Cohen, Maffry Gardner, Bourneuf.

White passed out a list of alternatives to offer the Russians.

- 1) 33% increase in quota of Russia and possibly China -- gold contribution based on total quota.
- 2) Occupied countries pay 25% less gold -- said would decrease gold contribution by about \$100 million.
- 3) Payment of half at outset and half after 3 or 5 years for occupied countries.
- 4) Occupied countries to pay 20% of gold contributions each year.

White said he favored 2). He said he thought the public would not like delayed payment and Maffry agreed and said the Fund would never collect. Brown at first favored 3) but later said 2) wasn't so bad if the Americans stood firm on the 50-50 gold payment provision and the gold repurchases. Cohen suggested reducing the 25% in the formula but not the minimum of 10% of holdings. Gardner objected to 2) and said he favored 3) since countries were not supposed to use gold to meet permanent relief and transition period needs anyway. He said it was just one more step in the direction we had been going.

Bernstein commented that the Fund would be especially in need of gold in the first years. Gardner then suggested that increasing quotas would suffice. Bernstein argued that the lower gold contribution was better because it was not a permanent concession and Gardner pointed out that the Fund could always refuse aid to Russia even though she had a larger quota.

White then made it clear that he wanted to offer the Russians a 33-1/3% increase in quota as well as the 25% gold reduction.

White went around again getting approval of this and Mr. Gardner said he would not stand out, that the reduction in gold contributions was not too important now that the total gold contribution is so small. Everyone else seemed prepared to go along with White although Angell and Brown had some doubts. White then said he wanted to make a concession to the Russians on the recommendation provision and say the Fund would not recommend changes in the fundamental economic system of a country. There was some discussion -- Angell again having vague doubts. Mr. Gardner suggested removing the word "directly" from the first sentence of the provision as reworded by the Treasury.