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MEETING AT TREASURY - MARCH 14, 1944 - 11:30 A. M.

Present: The entire Russian delegation and the Americans present at the earlier meeting.

White outlined the American suggested addition to the recommendation provision -- emphasized that this was in the detailed draft and therefore something that will be left to the drafting committee and not very important to settle immediately. He added that everything in the Joint Statement will be included in the final draft and that nothing in the final draft will be inconsistent with the Joint Statement. The American detailed draft includes things the United States wants to see in the final draft. The United States will insist in the drafting committee on the new sentence just proposed.

On the information provision White emphasized that it also was in the detailed draft. The United States thinks it is very important -- there are certain things the Fund must know including gold holdings, movements, and production; foreign exchange holdings; trade data, capital movements, other items in the balance of payments and (at Maffry's suggestion) exchange rates. There might be one or two others. Other information would be given only with the consent of the country.

White then gave a long explanation on our difficulties and position on the gold question -- he said he did not want to bargain -- that these were the final American positions -- that some Americans had been loathe to make these concessions -- that we were treating all the gold questions together etc. Then he told them the plan to support increasing Russia's quota by $33\frac{1}{3}$ per cent and allow occupied countries to contribute 25 per cent less gold. White asked for comments and the Russians said they would think it over.

Then Chichulin brought up the other gold questions and White said the Americans felt the others could not be yielded on.

Chichulin then set up an arithmetic example -- if quota = 100, gold holdings 150, gold contribution 15 and currency contribution 85 and the country gets 25 of foreign exchange during the year in exchange for local currency. Suppose the country's gold holdings have during the year increased by 50 it then has to pay $12\frac{1}{2}$ in gold to the Fund.

White agreed that the country would adjust the gold payments at the end of the financial year but Bernstein pointed out that regulations on this would have to be established.

Chichulin then said that if apply $\frac{1}{2}$ of increased gold to repurchase local currency the country has had no credit from the Fund on balance.

White said the country pays 12-1/2 in gold under the 50-50 payment provision and then uses 1/2 of the 37-1/2 net increase in its gold to repurchase currency -- fund's holdings of currency would go down to almost 75.

Bernstein pointed out the country could purchase 50 in foreign currency from the Fund during the year -- paying for 25 in gold.

Chichulin says if newly mined gold equals foreign exchange purchased still pay back whole credit at end of year. White and Gardner said no would get 12-1/2 of credit.

White said that the country could always use all its gold so it wouldn't have to repurchase.

Chichulin then said that 25 per cent reduction in gold contribution of occupied countries no good if 75 per cent in repurchase clause not changed -- if country pays 18.75 per cent or 7-1/2 per cent of quota in gold because occupied rather than 25 then the 75 per cent should be changed to 82-1/4 or 92-1/2 per cent.

White said if the country is mining a lot of gold it did not need the special reduction for occupied countries. White suggested that the regulations might be changed to give occupied countries special dispensation from repurchase in first three years. Gardner objected that this would lead countries to draw heavily on the Fund. White said would end up with some 75 per cent after three years and make it cumulative.

Zlobin pointed out that an occupied country not drawing on the Fund may have to pay gold into the Fund in the first year and White agreed.

Next meeting to be arranged. Chichulin will telephone.

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