

MEETING AT TREASURY - APRIL 13, 1944

Present: White, Bernstein, Luxford, Bitterman, Richardson, Brown, Livesey, Young, Coe, Maffrey, Gardner, Bourneuf.

White distributed 5 typewritten pages of the British answers to the Treasury cable on the British suggested amendments based on discussions with the Dominions.

On I (5) White and others agreed to say "assist" rather than "assure".

On the question of a list of quotas being incorporated in the Joint Statement White and the others were firm on the position that it would be absolutely impossible to get such a list into the Joint Statement -- every country would have to be consulted. White suggested that the determination of quotas might be left to the drafting committee -- with the special limitations that the United States insists on -- but even then quotas should be subject to change at the conference. White would omit any reference to a formula in the Joint Statement. Would suggest Keynes give Parliament estimates of quotas of United States, British Empire, Russia, China, etc. Brown asked how the British had reacted to the quota promised the Russians by the United States and White said they didn't object. White said he told the British we might allow Dominions larger quotas and eliminate 20 per cent maximum to voting power which would make U.S. vote equal to British Empire vote.

White thought we should object strongly to the British making the size of Australia's or any other country's quota a condition of their acceptance. Opie said what was meant was a condition of Australia's acceptance.

On IV White said he thought the British suggestion as now explained was quite acceptable and the others agreed.

There was a long discussion of VIII. White said we should stick to our earlier position and then later suggested we should leave it to the conference. White prefers the American terms since they suggest a business-like organization. The general impression was that the British wanted the small group of 9 men to control the fund's operations rather than the bigger body and that this would be entirely unfair to the small countries. The decision seemed to be to make the joint statement very vague and speak of a "governing body" and "executive committee" without capitalizing and leave out "from among its own members". At this stage Bernstein said the British approved of the distribution of voting power in the Executive Committee being closely related to quotas.

Then White turned to the 25 per cent reduction in gold contributions of occupied countries offered to the Russians. He seemed surprised it was not on the typed sheets distributed and then said Opie had discussed it orally with him. Opie said the British would insist on the same reduction since their foreign exchange position has been seriously weakened. There was a good deal of discussion and most everyone there seemed to think that if the concession is made to the Russians it will have to be made to the British. Brown and Bernstein emphasized that the gold repurchase clause may mean that the reduction is only a temporary benefit. Mr. Gardner was opposed to extending the concession to the British and pointed out that it was precisely in the early years that the Fund needed large gold holdings but he said he would not stand out since the gold contributions were already so small that the 25 per cent reduction was not of great significance.

After the meeting Bernstein said he figured this would reduce gold contributions of occupied countries by \$150 million.

Bernstein gave Mr. Gardner copies of the April 5 and April 10 cables to Britain.