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QUESTIONS CONCERNING THE PROPOSED INTERNATIONAL MONETARY FUND AND INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

General Questions

1. What are the reservations to the plans that were put into the minutes at Bretton Woods, and by whom?

2. What are the gold holdings of the various countries? Dollar balances?

3. Who needs money and what kind of money? A review of the 44 United Nations, country by country.

4. Is there any understanding between this Government and Britain regarding the British position other than set forth in the public press? How much money will Britain need from us and how can it be supplied?

5. What is the reaction in the Treasury to John Williams's article in the October "Foreign Affairs"?

6. What, in the opinion of the Treasury, would be the reception abroad of the proposal to adopt the Bank without the Fund?

7. Is there in preparation any proposed bill for approval by Congress of the Bank and the Fund? If so, what provision has been put in for protection of this country with respect to management of the Bank and the Fund, especially in the matter of appointment and qualifications of our representatives in these institutions?

8. What plans are contemplated for coordinating the foreign lending activities of various existing and proposed U. S. and international agencies?

Questions on the Fund

1. What will be the total of gold and dollar subscriptions by nations other than the U. S. to the Fund?

2. To what extent would the phrase "in exceptional circumstances" in Article XIV, Section 4, limit the authority of the Fund to require removal of exchange restrictions at the end of the five-year period?

3. What is the meaning of the provision of Article IV, section 5 (f) that the Fund may not object to a proposed change in a member's currency parity because of the "domestic social or political policies" of that member? Suppose a country adopts an ambitious social security program that raises costs and impedes the country's ability to compete

in foreign markets. Would the Fund be barred from objecting to a proposed currency devaluation on the ground that it cannot oppose currency changes because of the "domestic social or political policies" of the member?

4. Would it be possible for a member after a first devaluation of the par value of its currency to create the conditions which the Fund would have to accept, making necessary another or subsequent devaluation?

5. How are "net official holdings" of gold and U. S. dollars - used in Article III, section 3 (b) (ii) as a basis for gold subscriptions - computed, as distinguished from "monetary reserves" elsewhere used? What deductions from gross are required to arrive at "net official holdings"? Will some members have no "net official holdings" of gold and U. S. dollars? If so, will the whole of such members' subscriptions be paid in their own currencies?

6. What is likely to be the effectiveness of the currency repurchase provisions of Article V, section 7, considering that under Article XIX holdings of gold and dollars by "other official institutions or other banks" are not necessarily included in the calculations, and holdings by business concerns, exchange dealers, and individuals are not mentioned at all?

7. Also would it not be likely that the holdings of a member's currency by the Fund in amounts requiring reduction under Article V, Section 7, would, in practical operation, exist at the time when its monetary reserves would probably be not greater than its quota and so invoke section 7 (c) (i); and, further, would not the repurchase provisions be completely ineffective with respect to many of the members which continued restrictions as permitted in Article XIV?

8. Would payments of interest on prewar loans be classed as "current transactions"?

9. Are the provisions of Article VIII, section 4(a), intended to cause such transactions to take place through the Fund or between the members affected?

10. The plan says that the Fund is not intended to provide facilities for relief or reconstruction or to deal with international indebtedness arising out of war. Since these are the main problems of the transition period, and the Fund does not deal with them, why is the Fund needed in this period? If the Fund is put into operation during the transitional period, how is it possible to avoid its becoming involved in this transitional financing? When a country running behind on its balance of payments desires to purchase currencies from the Fund, how is it to be determined what proportion of such purchases is consistent with the purpose of the Fund and what proportion is not?

11. Would it be possible, under Article XIV permitting continuance of exchange restrictions for five years, for a condition to develop where there are different par values for the same national currency -- say one for the restricted or blocked currency and another for the current or free currency?

12. Does Article XIV mean that a country can be borrowing from the Fund while its own currency is blocked, so that Americans desiring to purchase products of that country would have to negotiate to obtain export licenses or other similar papers?

Questions on the Bank

1. What powers under the Agreement does the Bank have to (a) collect information from member countries, (b) confer on exchange rates, (c) make long-term stabilization loans. To the extent that authority of this nature is not presently granted, what amendments would be required?

2. Article III, section 4, provides that the Bank may make or guarantee loans when it is satisfied that the borrower would otherwise be unable to obtain the loan under "reasonable" conditions, and when in the opinion of the Bank the rate of interest and other charges are "reasonable" and "appropriate to the project." Query: How do you keep the Bank from under-cutting other bidders for financing, and thus using this provision as a weapon to control interest rates?

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QUESTIONS FOR THE TREASURY

What is the amount of earmarked gold in U.S.A. today?

Give statement of gold holdings and dollar holdings of the following countries:

England	France	Switzerland	Belgium
Holland	Sweden	Canada	India
South Africa	China		

Supply latest statements of central banks of above countries.