

CHART SHOWING THE COUNTRIES WHICH WOULD HAVE NO FREE OR UNPLEGGED GOLD AND THE COUNTRIES WHICH WOULD HAVE

FREE OR UNPLEGGED GOLD FOR GOLD CONTRIBUTIONS TO THE KEYNES SCHEME,

AND OTHER PERTINENT DATA RELATING THERETO

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Country	Percent of Gold (1) or Gold and Gold Exchange (2) Required Against Notes and Other Demand Liabilities	Date of Holding of Notes and Other Demand Liabilities	Amount of Circulating Notes (In Dollars. 000 Omitted)	Amount of Other Demand Liabilities (In Dollars. 000 Omitted)	Amount of Gold Required Against Notes and Other Demand Liabilities (In Dollars. 000 Omitted)	Date of Gold Holding	Amount of Gold Holding (In Dollars. 000 Omitted)	Amount of Free Gold (\$) or Gold Deficiency (-) for Note and Other Demand Liability Coverage (In Dollars. 000 Omitted)	Percent of Aggregate Contribution (Gold and Paper) to Fund	Share of Aggregate Contribution (Gold and Paper) (In Dollars. 000 Omitted)	Percent of Gold Contribution of Total Contribution (Gold or Gold Holding) of Each Country	Amount of Gold Contribution to Fund (In Dollars. 000 Omitted)	Free Gold (\$) or Deficiency of Free Gold (-) for Gold Contribution to Fund (In Dollars. 000 Omitted)
Countries Having No Free Gold													
Australia	(2) 25%	9/27/43	484,239	557,266	121,029	April 1940	5,000	-116,059	1.5	120,000	(a) 20.0 1.0	1,500	-1,500
Belgium	(2) 40%	8/26/43	2,512,595	372,111	865,411	Aug. 1943	734,000	-131,411	2.4	192,000	(b) 37.5	72,000	-72,000
Bolivia	(2) 45%	9/20/43	24,204	19,211	13,024	Sept. 1943	13,000	-24	.1	8,000	(b) 40.0	3,200	-3,200
Canada	(1) 25%	10/30/43	780,552	403,354	390,976	Oct. 1943	5,000	-285,976	2.8	224,000	(b) 40.0	89,600	-89,600
China						March 1939	21,000		4.0	320,000	(b) 22.5	72,000	-72,000
Czechoslovakia	(1) 25%	8/31/43	863,445	142,798	251,561	Aug. 1943	61,000	-190,561	1.2	96,000	(a) 22.5	13,725	-13,725
Egypt	(1) 50%	8/31/43	386,294	484,840	178,147	Aug. 1943	52,000	-126,147	.5	48,000	(b) 30.0 32.0	15,600	-15,600
France	(1) 35%	10/28/43	9,517,353	1,022,606	3,688,985	April 1940	2,000,000	-1,688,985	5.5	440,000	(a) 37.5	165,000	-165,000
Greece	(2) 40%	3/31/41	129,789	140,085	107,709	March 1941	28,000	-79,709	.4	32,000	(a) 22.5	7,200	-7,200
India	(2) 40%	8/27/43	2,272,964	315,690	909,186	Aug. 1943	274,000	-635,186	3.2	256,000	(b) 30.0 32.0	82,000	-82,000
Netherlands	(1) 40%	8/20/43	1,542,053	422,047	616,821	Aug. 1943	522,000	-94,821	2.1	168,000	(b) 30.0	50,400	-50,400
New Zealand	(2) 25%	9/27/43	109,122	139,241	62,090	July 1943	23,000	-39,090	.5	40,000	(b) 20.0 17.0	6,900	-6,900
United Kingdom	(1) 100%	10/27/43	4,028,794	1,003,827		Aug. 1943	1,000		12.8	1,024,000	(b) 30.0	307,200	-307,200
Yugoslavia	(1) 20%	July 1943	713,840	91,340	201,295	Feb. 1941	83,000	-118,295	.3	24,000	(a) 20.0	7,200	-7,200
			<u>23,315,245</u>	<u>5,114,416</u>	<u>7,306,263</u>		<u>3,801,000</u>	<u>-3,506,963</u>		<u>2,992,000</u>		<u>893,525</u>	
Countries Having Free Gold													
Brazil		4/30/43	516,643	473,209		Sept. 1943	223,000		1.2	96,000	(a) 40.0	36,400	38,400
Chile	(2) 50%	8/31/42	107,229	30,306	60,579	Aug. 1943	54,000	46,579	.4	32,000	(a) 40.0	12,800	42,200 + 6,579
Colombia		10/30/43	63,784	65,915		Sept. 1943	55,000		.3	24,000	(a) 40.0	9,600	19,600
Costa Rica		7/31/43	12,000	7,219		Sept. 1943	6,000		.04	3,200	(a) 50.0	1,600	1,600
Cuba						July 1943	31,000		.4	32,000	(b) 20.0 28.0	9,300	19,300
Ecuador	(2) 30%	7/29/43	14,459	13,697	6,757	April 1943	10,000	23,243	.05	4,000	(a) 40.0	1,600	1,600
El Salvador	(1) 25%	8/31/42	12,972	8,819		Sept. 1943	11,000		.05	4,000	(a) 50.0	2,000	12,000
Guatemala		5/31/42	12,436	13,415		Dec. 1942	19,000		.07	5,600	(a) 50.0	2,800	12,800
Mexico		8/31/43	205,680	126,505		Oct. 1943	200,000		.8	64,000	(a) 50.0	32,000	32,000
Norway	(1) 100%	3/30/40	186,088	17,934	39,528	Feb. 1940	84,000	144,471	.7	56,000	(a) 30.0	16,800	116,800
Peru		7/31/43	40,585	21,681		Oct. 1943	26,000		.2	16,000	(a) 30.0	4,800	14,800
Poland	(1) 40%	8/20/39	385,705	17,934	65,456	July 1939	84,000	118,544	1.1	68,000	(a) 20.0 21.0	19,600	118,544
South Africa	(1) 30%	8/27/43	191,902	494,061	202,788	Aug. 1943	628,000	425,212	1.8	144,000	(a) 50.0	72,000	192,000
U.S.S.R.						Sept. 1935	839,000		2.7	616,000	(a) 30.0	184,800	184,800
Uruguay	(1) 100%	6/30/43	78,808	102,534	31,410	June 1943	101,000	169,590	.2	16,000	(a) 50.0	8,000	18,000
Venezuela	(2) 50%	10/31/43	75,233	23,966	44,639	Oct. 1943	84,000	139,361	.3	24,000	(a) 50.0	12,000	112,000
			<u>1,852,464</u>	<u>1,417,195</u>			<u>2,455,000</u>			<u>1,224,800</u>		<u>427,400</u>	<u>427,400 + 420,823</u>
United States	40% - 35% ¹	Oct. 1943	15,550,000	14,193,804	11,187,000	10/27/43	19,851,000 ²	18,514,000	29.3	2,344,000	(a) 50.0	1,172,000	1,172,000

¹The United States statute provides that: "Every Federal Reserve bank shall maintain reserves in gold certificates or lawful money of not less than 35 per centum against its deposits and reserves in gold certificates of not less than 40 per centum against its Federal Reserve notes in actual circulation".

²Represents "gold certificates" held by the Federal Reserve banks. They are truly representative of gold only to the extent to which they are actually convertible into gold, that is, to the extent to which gold may be exported.

Don Kovacic
66-Press Room

FROM THE OFFICE OF
FREDERICK C. SMITH
MEMBER OF CONGRESS
8TH DISTRICT, OHIO

NOT TO BE RELEASED BEFORE LATE
AFTERNOON PAPERS OF MARCH 22, 1944

Excerpts from a Further Study of the British Scheme to Secure Control of United States Gold, Commonly Referred to as the Keynes-Morgenthau Proposal for an International Stabilization Fund, by Congressman Frederick C. Smith of Ohio.

=====

"The present study should be considered in connection with a paper I presented on this subject to the House November 1st, 1943. * * * I think the proof is clear in that paper that the officials of the Administration who are responsible for having drawn up the draft for a 'United and Associated Nations Stabilization Fund' did practically nothing but copy from and reword and rephrase the text of the British proposal for an 'International Clearing Union' as outlined in the British White Paper."

" * * * It (the scheme) would substitute for the gold standard a fictitious international monetary unit called 'unitas' which would not be gold but whose value would be fixed by politicians in terms of gold, but not unalterably. The currency of each country belonging to the scheme would in turn be arbitrarily fixed by politicians in terms of unitas but also not unalterably. The main characteristic of this device would be its high degree of political variability which would give it the desired political manipulability aimed at by Lord Keynes and his co-workers. Along with the destruction of the international gold standard, this artifice would of course also destroy the supremacy which the United States dollar now holds in international trade, which is no doubt one of the objectives of the scheme."

"The scheme would also involve the assumption by the United States of perhaps \$5,000,000,000 or more of British debts which Britain owes South American countries, Belgium, Scandinavian countries and her colonies and dominions. * * *"

"The control of our money, which is vested in Congress by the Constitution, would be given over to an international monetary authority which would also have far-reaching and dictatorial powers over our domestic economy. Great Britain would be the dominating power in the scheme."

" * * * In my November 1st paper I raised the question of the availability of free or unpledged gold in the countries that would belong to the scheme for their allegedly assigned contributions to the Fund. By free or unpledged gold is meant gold in excess of that pledged as cover for demand liabilities. The primary purpose of the present study is to show which countries have and which countries do not have free gold to meet their proposed gold quotas."

"The accompanying chart shows the pertinent data relating to this problem for thirty-one of the forty-three so-called United and Associated Nations which we are told would become members of the scheme."

" * * * The thirty-one countries (represented on the chart) are divided into three categories, namely, (a) those countries having no free gold, which number fourteen; (b) those countries having free gold, which number sixteen; (c) the United States."

" * * * Some countries require gold reserves against circulating notes only and others against both circulating notes and other demand liabilities. Furthermore the requirement for notes may be different than the one for other demand liabilities. * * *"

"* * * * the grand total of circulating notes and other demand liabilities of the thirteen non-free gold holding countries (China not included) is \$28,000,000,000 * * * * the amount of gold reserves required against their total demand liabilities (omitting gold reserves required by United Kingdom) would be \$7,300,000,000. * * * the total amount of gold holdings of those thirteen non-free gold holding countries is only \$3,800,000,000. Thus it will be seen that those thirteen non-free gold holding countries have a shortage of \$3,500,000,000 for meeting their statutory reserve requirements."

"* * * * the total amount of gold contributions of the thirteen non-free gold holding countries would come to \$893,525,000. Since, however, those countries are deficientⁱⁿ gold to the amount of \$3,500,000,000 for their demand liability coverage * * * * *, those countries would of course have no available gold for international use in the form of such contributions."

"The United States would contribute in gold \$1,172,000,000. The thirty other countries would have available only \$420,000,000 in gold to meet their quotas.. On this basis the United States would contribute 73 plus percent of the gold capital of the scheme while all the other countries combined would contribute only 26 plus percent. Yet the United States would be given a voting strength of only 20 percent while the other countries would have 80 percent. But this by no means shows the picture to be as bad as it really is."

"* * * * the Keynes-Morgenthau scheme could theoretically involve the United States to the extent of upwards of perhaps \$15 billion. Many conditions must be taken into consideration in determining the probable extent to which the scheme would be expanded. It would be in control of the debtor countries who would determine its operations and formulate its lending policies. Keynesian monetary and financial thinking, with its fiat credit and currency, its pyramiding of credits, its unlimited government deficit financing, its totalitarian approach, and in this instance at least, its lack of integrity, would give direction to all of its procedures."

"* * * * this proposed plan is only a part of a larger and more grandiose scheme that is envisioned by its promoters."

"* * * * one of the parts of this all-embracing scheme has already been perfected, namely, the United Nations Relief and Rehabilitation Administration, which according to resolutions adopted at the Atlantic City Conference is to undertake everything from the furnishing of soup kitchens to the construction of railroads in all the war-stricken areas of the world; further, still another part of this global program, an "international bank for reconstruction and development" with a n initial capitalization of \$10 billion is now in the process of concoction by the Administration

"* * * * * Seldom if ever are the expectations or promises of legislators in setting up political agencies fulfilled. It is an almost unbroken law that such bodies are, when once established and put in operation, never limited to their original size and functions, but tend always to enlarge and expand the scope of their activities

"This is so universally true and so self-evident that it should require no substantiating proof, though a thousand illustrations are ready at hand to support this contention, if that should be deemed necessary. But look at the growth of bureaucracy that has taken place in the Federal government in recent years."

"Who in 1887 would have thought that the Interstate Commerce Commission which was created at that time would develop to its present size, complexity and power, and that the interstate commerce clause of the Constitution would be construed by the Supreme Court so as to make the growing of wheat interstate commerce and empower a Federal bureau to dictate to the farmer how much wheat he can grow?"

"The Congress devotes nine-tenths of its time trying to restrain the political machinery which it has created and to confine its functions within the bounds of the laws it has itself written. Now especially, it scolds the OPA, CCC, AAA, and the other political alphabetical agencies for using their powers to change the economy, for taking on functions that were not intended and for disobeying the laws which brought them into existence."

"The Keynes-Morgenthau scheme would be no exception to the law of endogenous growth of political machinery. * * *"

"It is plainly seen that the meat of the Keynes-Morgenthau scheme, stripped of its pretense and window dressing, is an attempt to inveigle the United States into handing over to Great Britain the control and use of the United States stockpile of gold; to finance \$5 billion or more of debts Britain owes to a large number of countries; to restore London as the world's banker and financial center; to finance her world trade and pay for her Beveridge Plan."

"* * * the scheme would involve the demonetization of our entire stockpile of gold for international use, just as it has been demonetized for domestic use in the United States and other countries."

"* * * The alleged capital formation of the Keynes-Morgenthau scheme is a fraud. The dishonesty and deception which underlie it condemn it utterly. This is not a proposal for international cooperation if the word 'cooperation' still means what the dictionary up to now has always said it meant -- 'collective action in the pursuit of common well-being.' On the contrary, this is a proposal by Great Britain, supported by other debtor countries aided and abetted by our present Administration, not only to bleed the United States white but to destroy her very blood-making organs."