

MEMORANDUM

January 31, 1945.

On January 30, 1945 there was a meeting on the Bretton Woods legislation at the Federal Reserve Board. Present were Messrs. Eccles, Szymczak, Morrill, Vest, and Goldenweiser of the Federal Reserve Board, Mr. Ferguson of the State Department, and Messrs. White, Luxford, and Brenner of the Treasury Department.

The question of whether the legislation should provide for the establishment of a board or council to carry out the functions of the United States in connection with the Fund and the Bank was discussed at some length. Mr. Eccles stated the position of the Federal Reserve Board to be that such a board or council was essential; that it should consist of the Secretaries of State and Treasury, the Chairman of the Board of Governors of the Federal Reserve System, and two other agency heads to be appointed by the President. It was pointed out to Mr. Eccles that both the State and Treasury Departments feel strongly that it would be a mistake to put this provision in the legislation. Nevertheless, Mr. Eccles concluded that when he testifies before the Congressional Committees he will suggest such a board or council as an alternative to the provisions contained in the draft legislation agreed upon by the State and Treasury Departments.

It was agreed that the section on depositories would be modified to meet the suggestions of the Federal Reserve Board. The new section will require the Federal Reserve banks to act as depositories and they will act under the direction and regulations of the Board of Governors.

The Board suggested that in connection with the limitation placed upon the amount of non-interest bearing notes which may be issued, separate limitations be provided for notes issued to the Fund and notes issued to the Bank instead of a lump sum limitation for the two institutions together. It was felt that this would be unwise in view of the fact that it might lead Congress to treat the Fund and Bank separately in all the provisions of the legislation and, in effect, to pass upon the two institutions separately rather than together.

In connection with the financing of the subscriptions it was pointed out to the Federal Reserve Board people that there would be offered to the Chairmen of the Congressional Committees an alternate provision authorizing an RFC type of financing instead of an appropriation. Mr. Eccles agreed that this would be a satisfactory procedure.

The Federal Reserve Board was somewhat troubled about the fact that returned portions of the subscriptions of the United States would be credited to the Stabilization Fund. They suggested that such repayments go into miscellaneous receipts and that we make the Stabilization Fund permanent. This suggestion was accepted.

cc: Mr. White
Mr. O'Connell
Mr. E. M. Bernstein
Mr. J. Friedman
Orig. to Miss Chauncey for Secretary.