

COPY

Mr. Bittermann

Mr. Luxford

November 28, 1944

You have asked for an informal opinion as to the proper construction of Article IV, Section 2 of the Bank agreement insofar as it relates to the 2 per cent of subscriptions required to be paid to the Bank in gold or U.S. dollars. Your question is directed particularly to whether the United States will have a veto power over the lending of dollars paid into this 2 per cent fund.

It appears to have been the intention of the Conference that this 2 per cent fund should be available for direct loans by the Bank without restriction by any member. However, this intention is not reflected very clearly in Article IV, Section 2 which apparently makes no distinction between dollars paid as part of the 2 per cent subscription and other currency payments. The problem involved is not one of major importance and will be completely academic to the extent that the 2 per cent payment is actually made in gold.

This is not the type of problem which needs to be resolved prior to the establishment of the Bank.

RB:EEM:iej
11/28/44