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MEMORANDUM

The alternate section on payment of the subscriptions of the United States to the Fund and the Bank will operate as follows:

- (a) \$1,800 million will be withdrawn from the existing Exchange Stabilization Fund and paid to the International Monetary Fund. Since the money in the Stabilization Fund has already been appropriated from the Treasury, no additional appropriation is necessary for this transaction.
- (b) The balance of \$950 million to be paid into the International Monetary Fund will be derived from the proceeds of United States Government securities issued under authority of the Second Liberty Bond Act. When the Treasury issues the securities, the proceeds will be credited in the Treasurer's account as public debt receipts; and when the money is paid to the Fund, a charge will be made in the Treasurer's account supported by an entry "Proceeds of U. S. Government Securities used for Subscription to the International Monetary Fund." The Treasurer will include in his monthly public debt requisition the amount so charged, on the basis of which an appropriation warrant will be drawn setting up the account on the public debt ledger of the Treasury Department. These transactions will not appear in Daily Treasury Statements or the U. S. Budget as budgetary expenditures.
- (c) If the United States should withdraw from the Fund or if the Fund should be liquidated, the amount returned to the United States as repayment of its subscription will be charged in the Treasurer's account as a public debt transaction to the extent of \$950 million, a corresponding credit being entered in the account referred to in (b) above entitled "Proceeds of U. S. Government Securities used for Subscription to the International Monetary Fund." Any amount received in excess of the \$950 million derived from the sale of public debt obligations would be covered into the Treasury as miscellaneous receipts.
- (d) The procedure for paying the subscription of the United States to the International Bank will be the same as that set forth in (b) above. Initially, \$63.5 million will be paid to the Bank as the 2 per cent payment required to be made when the Bank begins operations. Within one year an additional \$250 million will be paid to the Bank by the United States in the same manner. In subsequent years the Bank may call up to \$317.5 million for the purpose of making loans. The balance of \$2,540 million may be called in the future, but only for the purpose of meeting losses suffered by the Bank. As stated in connection with the Fund under (b), these transactions will not appear as budgetary expenditures in the Daily Treasury Statements or the U. S. Budget.

(e) Any repayments of the subscription of the United States to the Bank will be handled as public debt transactions as indicated in paragraph (c), the principle being that the proceeds received from the repayment of such subscription can be used to retire an equivalent amount of the public debt which was issued as a result of the subscription to the shares of the Bank.

(f) All money from the Fund and the Bank as distribution of net income will be covered into the Treasury as miscellaneous receipts.

RB:ec 2/6/45
WTH:mlb 2/8/45
EEB:hew 2/9/45