

MEMORANDUM

Hessinger
Draft

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(a) \$1,800 million will be withdrawn from the existing Stabilization Fund and paid to the International Monetary Fund. The money in the Stabilization Fund has already been appropriated from the Treasury; therefore, no additional appropriation is necessary for this transaction.

(b) The balance of \$950 million due to the Fund will be paid out of the proceeds of United States Government securities sold under the Second Liberty Bond Act. The Treasury will issue securities and the proceeds will be covered into the Treasury as a public debt receipt. \$950 million will be taken out of the Treasury and paid to the Fund with a notation that the money was used for the subscription of the United States to the Fund. This payment will be included in the usual public debt requisition on the basis of which funds are appropriated out of the Treasury for public debt purposes.

(c) If the United States withdraws from the Fund or the Fund is liquidated, the amount returned to the United States as repayment of its subscription will be covered into the Treasury as a public debt transaction to the extent of \$950 million to offset the transaction by which such funds were withdrawn from the Treasury, and in part to miscellaneous receipts. If the whole amount is returned, as would normally be the case, \$950 million would be handled as indicated and \$1,800 million would be covered into miscellaneous receipts. This would increase the general funds of the Treasury.

(d) The procedure for paying the subscription of the United States to the Bank will be exactly the same as that set forth in (b) above. Originally \$63.5 million will be paid to the Bank as the 2% payment required to be made when the Bank begins operations. Within one year an additional \$254 million will be paid to the Bank by the United States in the same manner. In future years the Bank can 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.

(e) All repayments of the subscription of the United States to the Bank will be covered into the Treasury as a public debt transaction to offset the transaction under which the original payments were withdrawn.

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

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