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U. S., BRITAIN AND RUSSIA AGREE ON STABILIZATION FUND OF $8,000,000,000

Thirty Other Nations Join In Pact, Based On Gold Standard, To Facilitate Post-War Payments And Keep Exchange Stable

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[Washington Bureau of The Sun]

Washington, April 21—Monetary experts of the United States, Russia, Great Britain and about 30 other United and Associated nations, in a formal joint statement tonight, announced conclusion of an agreement on the principles of an international monetary stabilization fund.

Designed as "a practical plan for meeting post-war monetary problems," a fund of approximately $8,000,000,000 would be established as a permanent institution for international monetary cooperation, to promote and facilitate commercial and financial relations among the member countries, to facilitate international payments and the maintenance of exchange stability.

Unanimous agreement of the technical experts to the proposal was achieved when word was received from V. Molotov, Soviet Commissar for Foreign Affairs, that the Russian delegation was joining in the stabilization plan.

Russia Last To Agree

The Russian agreement was the last made, it was indicated, because conversations with the Soviet delegation were the last held at the Treasury and were only recently completed.

The unanimous agreement of the experts was followed today by the personal appearance of Secretary of Treasury Morgenthau before Senate and House committees to give Congress a preview of the plan. These events are expected to be the forerunner of a call by this Government for an international monetary conference.

Congress To Take Part

Mr. Morgenthau advised the Congressional committees he had been authorized by President Roosevelt to state that "if the conference is held it is his intention to invite direct Congressional participation in the work of the United States delegation."

The plan finally agreed to by the technical experts of the 30-odd nations, after months of consultation and discussion, is a sweeping modification of the White and Keynes stabilization proposals announced last year.

It would tie the currencies of the member nations firmly to a gold base. The original proposals for an international currency of account, to be known either as "unitas" or "bancor," were dropped in the final version by the experts.

$2,500,000,000 U. S. Quota

Tentatively, at least, it is expected that the quota of the United States participation in the fund would be between $2,500,000,000 and $3,000,000,000; the British, $1,250,000,000, and the Russian, $1,000,000,000. Other nations would have proportionately smaller amounts

Establishment of the fund with American participation, Mr. Morgenthau explained, could be achieved without in any way disturbing or redistributing the large gold holdings of this country.

This country holds about $2,000,000,000 in its existing stabilization fund, which would be available for a substantial part of the United States quota, Mr. Morgenthau stated. In additional to general agreement by Congress, it is expected that specific legislation for certain aspects of the plan would be required, such as an appropriation for this nation's quota.

Long U. S. Money Policy

This legislation, it has been suggested, might be worked out somewhat in the nature of the UNRRA act, in which the agreement with the various nations was embodied as an integral part of the act. Or it might be achieved in the form of a treaty or agreement, with specific supporting legislation to implement it.

Secretary Morgenthau pointed out to Congress today that the principles evolved by the experts in the stabilization agreement "have long been the international monetary policies of the United States."

"For years," he said, "it has been our objective to have these policies adopted by other countries."

No Action On International Bank

Tonight's announcement of the technical experts did not include agreement upon the principles for establishment of an international bank for reconstruction and development—only because conferences on this proposal have not yet been completed.

Mr. Morgenthau told the Congressional committees that work on such an institution "to facilitate long-term investment capital through private financial agencies by guaranteeing and participating in such loans" is still going forward, and it is his hope it will be completed soon.

The Treasury's monetary experts, headed by Harry D. White, consulted, Mr. Morgenthau said, with bankers, labor representatives and other interested groups in Washington, Chicago, Boston, Philadelphia, New York and other cities, while the stabilization plan was under discussion. Many of their suggestions, he added, were incorporated in the agreed principles.

Principal Features

The principal features of the international monetary stabilization plan, as agreed to by the experts, and outlined today to seven committees of Congress by Secretary Morgenthau, may be summarized as follows:

1. International monetary cooperation among the United and Associated Nations is to be achieved through establishment of an international monetary fund.

2. The amount of the fund will be approximately $8,000,000,000, subscribed in gold and local currency, in accordance with an agreed formula.

3. The contribution of the United States, it was estimated by Mr. Morgenthau, will be between $2,500,000,000 and $3,000,000,000 and of Great Britain about $1,250,000,000 and Russia approximately $1,000,000,000. Other United and Associated Nations would contribute smaller amounts each.

To Stabilize Exchange

4. The resources of the fund would be used, under adequate safeguards to maintain exchange stability.

5. The par value of the currencies of member countries would be expressed in terms of gold and could be changed only at the request of member countries, and any member after consulting with the fund would be permitted to change the parity of its own currency by not more than ten per cent.

6. Member countries would be able to buy foreign exchange from the fund with their own currency to meet payments consistent with the purposes of the fund until the fund's total holdings of their currency reach 200 per cent. of the quota.

7. Member countries holding adequate gold and exchange resources will be expected to pay for half of their exchange purchases with gold and countries whose official holdings of gold are adequate and are increasing would be expected to use half of the increase to repurchase part of the funds holdings of their own currency.

Management Of Fund

8. The fund's resources could not be used to meet large outflows of capital, although they could be used for capital transactions of a reasonable amount.

9. Management of the fund would be in a board of directors and an executive committee representing the members. Voting power would be closely related to quotas.

10. Member countries would not allow exchange transactions at rates outside a prescribed range based on agreed parities.

11. The par value of a member's currency will be agreed on at the time it is admitted to the fund and will be expressed in terms of gold. Transactions between the fund and its members will be at par plus a fixed fee.

May Change Quotas

12. During the period of transition following the war member countries would be permitted to retain their exchange controls with the expectation that these would be gradually relaxed.

13. Quotas of member countries may be changed from time to time, but changes will require a four-fifths vote and no member's quota may be changed without its assent.

14. Member countries shall deal only with the fund through their treasury, central bank or stabilization fund, or other fiscal agencies, and the fund's accounts in a member's currency shall be kept in the central bank of the member country.

On Dealing In Gold

15. In event demand for a member country's currency indicates the fund's holdings may be quickly