



Lloyds Bank Limited
71, Lombard Street,
London, E. C. 3.
15th February, 1960.

Dear Mr. Jacobsson, ^{W/A.}

As Sir Oliver is already in India I am writing to thank you for your letter of 10th February and for the copy of your Stamp Memorial Lecture - "Towards a Modern Monetary Standard" - which you enclosed. Sir Oliver is not expected back in this country until around the end of March.

Yours sincerely,

Dorothy G. Crook

Secretary to Sir Oliver Franks.

Mr. Per Jacobsson,
Managing Director,
International Monetary Fund,
Washington, D.C.,
U.S.A.

February 10, 1960

Dear Oliver Franks:

I have read with great interest, word for word, your annual statement as Chairman of Lloyd's Bank, and find myself in all essentials in agreement with what you said. I am glad that you referred to the suggestion that the U. S. reserve requirements which lock up \$12 billion of gold as backing for Federal Reserve notes and deposits should be eliminated. Some of my American friends have felt that such a step would arouse suspicions in Europe, but I would rather be inclined to think that on the whole it would have a contrary effect.

I am particularly glad that you had a good word to say for the O. E. E. C. In my Opening Statement at the Fund Meeting in September last, I referred to the cooperation between the Fund and the O. E. E. C. --and said specifically that "the Fund has been happy to cooperate with the O. E. E. C., which is able by virtue of its special knowledge and connections to advance the solution of problems of countries in its area."

For us in the Fund it is indeed of great advantage to be able to work with regional organizations that are able to look beyond the immediate interests of their members.

I would, however, like to say that I think you went too far when you said that only one of all the institutions that you had named (and the list included the International Monetary Fund) "has been able to maintain regular, searching, intimate discussion of the general economic problems which concern the member countries: namely, the O. E. E. C. It has played a novel and creative role for, by the techniques of discussion it has evolved, it has at times directly influenced the domestic policies, monetary and fiscal, of member countries: fiscal policies which might have exported unemployment, monetary policies which might have built up reserves too fast in one country to the detriment of others. These are matters which by common consent have been modified in particular European countries."

It is, of course, the case that the International Monetary Fund also has had intimate discussions with member countries, and has influenced the domestic policies, monetary and fiscal, of these countries--and over

a much wider field than the O. E. E. C. We have also worked together with the O. E. E. C. , particularly in France, Turkey, Spain, and recently in Iceland; and it is certainly true to say that the Fund has been as much concerned as the O. E. E. C. in the preparation of the programs that have been put into operation. Moreover, the Fund has been active in the preparation and financing of stabilization programs in other parts of the world. Because the Fund's reports on member countries--based on the Article XIV consultations--are not made public, in that respect differing from the reviews made by the O. E. E. C. , we are able in the Fund to submit the countries to an even more searching examination than the O. E. E. C. can possibly do. In addition, the Fund exercises a certain jurisdiction over par values and exchange restrictions, and, in these respects, legally binding decisions are taken by the Executive Board.

It is not my intention in any way to diminish the role played by the O. E. E. C. , but as the Managing Director of the Fund, I ought to explain the work of my own institution. The Fund has, I believe, over the years developed a set of principles and practices which to some extent have taken the place of the rules of the old gold standard. I had occasion to develop this theme in a paper which I read in London last November--the Stamp Memorial Lecture--of which I enclose a copy.

No doubt you will soon be off for India, if you have not already started, and I wish you every success in your important task. Hoping that I shall have an opportunity to see you the next time I come to London, I am

Yours sincerely

Per Jacobsson
Managing Director

Sir Oliver Franks
Chairman
Lloyds Bank Limited
London, E. C. 3., England

(Enclosure)



Office Memorandum

TO : Mr. Per Jacobsson
FROM : The Earl of Cromer
SUBJECT :

DATE: 2nd February
1960

I have now read Sir Oliver Franks' reference in his Lloyds Bank speech to O.E.E.C. and I can see no reason why you should not write to him on the lines you mentioned to me if you so desire.

INTERNATIONAL MONETARY FUND

Extra Copies

February 10, 1960

Dear Oliver Franks:

I have read with great interest, word for word, your annual statement as Chairman of Lloyd's Bank, and find myself in all essentials in agreement with what you said. I am glad that you referred to the suggestion that the U. S. reserve requirements which lock up \$12 billion of gold as backing for Federal Reserve notes and deposits should be eliminated. Some of my American friends have felt that such a step would arouse suspicions in Europe, but I would rather be inclined to think that on the whole it would have a contrary effect.

I am particularly glad that you had a good word to say for the O. E. E. C. In my Opening Statement at the Fund Meeting in September last, I referred to the cooperation between the Fund and the O. E. E. C. --and said specifically that "the Fund has been happy to cooperate with the O. E. E. C., which is able by virtue of its special knowledge and connections to advance the solution of problems of countries in its area."

For us in the Fund it is indeed of great advantage to be able to work with regional organizations that are able to look beyond the immediate interests of their members.

I would, however, like to say that I think you went too far when you said that only one of all the institutions that you had named (and the list included the International Monetary Fund) "has been able to maintain regular, searching, intimate discussion of the general economic problems which concern the member countries: namely, the O. E. E. C. It has played a novel and creative role for, by the techniques of discussion it has evolved, it has at times directly influenced the domestic policies, monetary and fiscal, of member countries: fiscal policies which might have exported unemployment, monetary policies which might have built up reserves too fast in one country to the detriment of others. These are matters which by common consent have been modified in particular European countries."

It is, of course, the case that the International Monetary Fund also has had intimate discussions with member countries, and has influenced the domestic policies, monetary and fiscal, of these countries--and over

a much wider field than the O. E. E. C. We have also worked together with the O. E. E. C. , particularly in France, Turkey, Spain, and recently in Iceland; and it is certainly true to say that the Fund has been as much concerned as the O. E. E. C. in the preparation of the programs that have been put into operation. Moreover, the Fund has been active in the preparation and financing of stabilization programs in other parts of the world. Because the Fund's reports on member countries--based on the Article XIV consultations--are not made public, in that respect differing from the reviews made by the O. E. E. C. , we are able in the Fund to submit the countries to an even more searching examination than the O. E. E. C. can possibly do. In addition, the Fund exercises a certain jurisdiction over par values and exchange restrictions, and, in these respects, legally binding decisions are taken by the Executive Board.

It is not my intention in any way to diminish the role played by the O. E. E. C. , but as the Managing Director of the Fund, I ought to explain the work of my own institution. The Fund has, I believe, over the years developed a set of principles and practices which to some extent have taken the place of the rules of the old gold standard. I had occasion to develop this theme in a paper which I read in London last November--the Stamp Memorial Lecture--of which I enclose a copy.

No doubt you will soon be off for India, if you have not already started, and I wish you every success in your important task. Hoping that I shall have an opportunity to see you the next time I come to London, I am

Yours sincerely

Per Jacobsson
Managing Director

Sir Oliver Franks
Chairman
Lloyds Bank Limited
London, E. C. 3., England

(Enclosure)

February 10, 1960

Dear Oliver Franks:

I have read with great interest, word for word, your annual statement as Chairman of Lloyds Bank, and find myself in all essentials in agreement with what you said. I am glad that you referred to the suggestion that the U. S. reserve requirements which lock up \$12 billion of gold as backing for Federal Reserve notes and deposits should be eliminated. Some of my American friends have felt that such a step would arouse suspicions in Europe, but I would rather be inclined to think that on the whole it would have a contrary effect.

I am particularly glad that you had a good word to say for the O. E. E. C. In my Opening Statement at the Fund Meeting in September last, I referred to the cooperation between the Fund and the O. E. E. C. --and said specifically that "the Fund has been happy to cooperate with the O. E. E. C., which is able by virtue of its special knowledge and connections to advance the solution of problems of countries in its area."

For us in the Fund it is indeed of great advantage to be able to work with regional organizations that are able to look beyond the immediate interests of their members.

I would, however, like to say that I think you went too far when you said that only one of all the institutions that you had named (and the list included the International Monetary Fund) "has been able to maintain regular, searching, intimate discussion of the general economic problems which concern the member countries: namely, the O. E. E. C. It has played a novel and creative role for, by the techniques of discussion it has evolved, it has at times directly influenced the domestic policies, monetary and fiscal, of member countries: fiscal policies which might have exported unemployment, monetary policies which might have built up reserves too fast in one country to the detriment of others. These are matters which by common consent have been modified in particular European countries."

It is, of course, the case that the International Monetary Fund also has had intimate discussions with member countries, and has influenced the domestic policies, monetary and fiscal, of these countries--and over

a much wider field than the O. E. E. C. We have also worked together with the O. E. E. C., particularly in France, Turkey, Spain, and recently in Iceland; and it is certainly true to say that the Fund has been as much concerned as the O. E. E. C. in the preparation of the programs that have been put into operation. Moreover, the Fund has been active in the preparation and financing of stabilization programs in other parts of the world. Because the Fund's reports on member countries--based on the Article XIV consultations--are not made public, in that respect differing from the reviews made by the O. E. E. C., we are able in the Fund to submit the countries to an even more searching examination than the O. E. E. C. can possibly do. In addition, the Fund exercises a certain jurisdiction over par values and exchange restrictions, and, in these respects, legally binding decisions are taken by the Executive Board.

It is not my intention in any way to diminish the role played by the O. E. E. C., but as the Managing Director of the Fund, I ought to explain the work of my own institution. The Fund has, I believe, over the years developed a set of principles and practices which to some extent have taken the place of the rules of the old gold standard. I had occasion to develop this theme in a paper which I read in London last November--the Stamp Memorial Lecture--of which I enclose a copy.

No doubt you will soon be off for India, if you have not already started, and I wish you every success in your important task. Hoping that I shall have an opportunity to see you the next time I come to London, I am

Yours sincerely

Per Jacobsson
Managing Director

Sir Oliver Franks
Chairman
Lloyds Bank Limited
London, E. C. 3., England

(Enclosure)

February 10, 1960

Dear Oliver Franks:

I have read with great interest, word for word, your annual statement as Chairman of Lloyds Bank, and find myself in all essentials in agreement with what you said. I am glad that you referred to the suggestion that the U. S. reserve requirements which lock up \$12 billion of gold as backing for Federal Reserve notes and deposits should be eliminated. Some of my American friends have felt that such a step would arouse suspicions in Europe, but I would rather be inclined to think that on the whole it would have a contrary effect.

I am particularly glad that you had a good word to say for the O. E. E. C. In my Opening Statement at the Fund Meeting in September last, I referred to the cooperation between the Fund and the O. E. E. C. --and said specifically that "the Fund has been happy to cooperate with the O. E. E. C., which is able by virtue of its special knowledge and connections to advance the solution of problems of countries in its area."

For us in the Fund it is indeed of great advantage to be able to work with regional organizations that are able to look beyond the immediate interests of their members.

I would, however, like to say that I think you went too far when you said that only one of all the institutions that you had names (and the list included the International Monetary Fund) "has been able to maintain regular, searching, intimate discussion of the general economic problems which concern the member countries: namely, the O. E. E. C. It has played a novel and creative role for, by the techniques of discussion it has evolved, it has at times directly influenced the domestic policies, monetary and fiscal, of member countries: fiscal policies which might have exported unemployment, monetary policies which might have built up reserves too fast in one country to the detriment of others. These are matters which by common consent have been modified in particular European countries."

It is, of course, the case that the International Monetary Fund also has had intimate discussions with member countries, and has influenced the domestic policies, monetary and fiscal, of these countries--and over

a much wider field than the O. E. E. C. We have also worked together with the O. E. E. C., particularly in France, Turkey, Spain, and recently in Iceland; and it is certainly true to say that the Fund has been as much concerned as the O. E. E. C. in the preparation of the programs that have been put into operation. Moreover, the Fund has been active in the preparation and financing of stabilization programs in other parts of the world. Because the Fund's reports on member countries--based on the Article XIV consultations--are not made public, in that respect differing from the reviews made by the O. E. E. C., we are able in the Fund to submit the countries to an even more searching examination than the O. E. E. C. can possibly do. In addition, the Fund exercises a certain jurisdiction over par values and exchange restrictions, and, in these respects, legally binding decisions are taken by the Executive Board.

It is not my intention in any way to diminish the role played by the O. E. E. C., but as the Managing Director of the Fund, I ought to explain the work of my own institution. The Fund has, I believe, over the years developed a set of principles and practices which to some extent have taken the place of the rules of the old gold standard. I had occasion to develop this theme in a paper which I read in London last November--the Stamp Memorial Lecture--of which I enclose a copy.

No doubt you will soon be off for India, if you have not already started, and I wish you every success in your important task. Hoping that I shall have an opportunity to see you the next time I come to London, I am

Yours sincerely

Per Jacobson
Managing Director

Sir Oliver Franks
Chairman
Lloyds Bank Limited
London, E. C. 3., England

(Enclosure)

February 10, 1960

Dear Oliver Franks:

I have read with great interest, word for word, your annual statement as Chairman of Lloyd's Bank, and find myself in all essentials in agreement with what you said. I am glad that you referred to the suggestion that the U. S. reserve requirements which lock up \$12 billion of gold as backing for Federal Reserve notes and deposits should be eliminated. Some of my American friends have felt that such a step would arouse suspicions in Europe, but I would rather be inclined to think that on the whole it would have a contrary effect.

I am particularly glad that you had a good word to say for the O. E. E. C. In my Opening Statement at the Fund Meeting in September last, I referred to the cooperation between the Fund and the O. E. E. C. --and said specifically that "the Fund has been happy to cooperate with the O. E. E. C., which is able by virtue of its special knowledge and connections to advance the solution of problems of countries in its area."

For us in the Fund it is indeed of great advantage to be able to work with regional organizations that are able to look beyond the immediate interests of their members.

I would, however, like to say that I think you went too far when you said that only one of all the institutions that you had named (and the list included the International Monetary Fund) "has been able to maintain regular, searching, intimate discussion of the general economic problems which concern the member countries: namely, the O. E. E. C. It has played a novel and creative role for, by the techniques of discussion it has evolved, it has at times directly influenced the domestic policies, monetary and fiscal, of member countries: fiscal policies which might have exported unemployment, monetary policies which might have built up reserves too fast in one country to the detriment of others. These are matters which by common consent have been modified in particular European countries."

It is, of course, the case that the International Monetary Fund also has had intimate discussions with member countries, and has influenced the domestic policies, monetary and fiscal, of these countries--and over

a much wider field than the O. E. E. C. We have also worked together with the O. E. E. C., particularly in France, Turkey, Spain, and recently in Iceland; and it is certainly true to say that the Fund has been as much concerned as the O. E. E. C. in the preparation of the programs that have been put into operation. Moreover, the Fund has been active in the preparation and financing of stabilization programs in other parts of the world. Because the Fund's reports on member countries--based on the Article XIV consultations--are not made public, in that respect differing from the reviews made by the O. E. E. C., we are able in the Fund to submit the countries to an even more searching examination than the O. E. E. C. can possibly do. In addition, the Fund exercises a certain jurisdiction over par values and exchange restrictions, and, in these respects, legally binding decisions are taken by the Executive Board.

It is not my intention in any way to diminish the role played by the O. E. E. C., but as the Managing Director of the Fund, I ought to explain the work of my own institution. The Fund has, I believe, over the years developed a set of principles and practices which to some extent have taken the place of the rules of the old gold standard. I had occasion to develop this theme in a paper which I read in London last November--the Stamp Memorial Lecture--of which I enclose a copy.

No doubt you will soon be off for India, if you have not already started, and I wish you every success in your important task. Hoping that I shall have an opportunity to see you the next time I come to London, I am

Yours sincerely

Per Jacobsson
Managing Director

Sir Oliver Franks
Chairman
Lloyds Bank Limited
London, E. C. 3., England

(Enclosure)