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Series/Subseries Per Jacobsson Papers/sous-fonds/1956-1963
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Box number A3051-005

File number 79

ADLIB ref number 6723

File title & dates de Moubray, Guy L L /file/1956-1961

Doc title & dates February 6, 1961 - Private correspondence

May 6, 1960

Dear de Moubray:

This is just to say how pleased my wife and I were to see you in London and hear good news of your wife and daughter. I do want to thank you so much for coming to meet us at the airport--I am only sorry that it meant that you had to stay a night away from home. I also profited from my talks with you, especially as you still look on things in England with the eyes of an informed visitor from abroad.

We were very glad to be back in Geneva, if only for two days, and the Fund and Bank Reception and Luncheon in Paris seems to have been thoroughly enjoyed by everyone--including ourselves.

With best wishes to you and your wife, I am

Yours sincerely,

Per Jacobsson
Managing Director

Mr. G.L.L. de Moubray
Codmore Barn
Pulborough, Sussex
England

May 27, 1958.

PARKING INSTRUCTIONS

The following is for the information of all persons who are assigned parking space in the garage and on the Fund lot adjacent to the building:

✓ GARAGE

Parking stickers will be attached by the Service and Supply Section to all cars authorized to be parked in the garage.

The garage will be open, with an attendant on duty who will park your car, during the following hours:

Weekdays	-	8:00 a.m. to 7:00 p.m.
Saturdays	-	8:00 a.m. to 4:00 p.m.
Sundays and Holidays	-	Closed

Keys will be left in cars remaining in the garage at closing time.

Those wishing to enter the garage after the above hours or on Sundays and Holidays may summon the building guard by means of a buzzer which is located about 15 feet down the ramp on the north side.

For convenience on leaving the garage, a push button has been installed near the exit door which automatically raises the door. After passing through the exit door, a push button for closing the door will be found on the south wall of the ramp opposite the garage entrance. These buttons may be operated without leaving your car.

FUND LOT

Parking stickers will be attached by the Service and Supply Section to all cars authorized to be parked on the lot.

The entrance will be open from 8:00 a.m. to 6:00 p.m. on weekdays only. At all other times the chains will be up and padlocked to prevent unauthorized parking. All persons assigned to this lot will be furnished a key which will open the padlocks at both the front entrance and rear exit. This lot may be used at any time by those assigned space on it.

Parking spaces on the lot will not be numbered but the spaces will be marked by painted stripes. Early arrivals are requested to park to the rear so that the lot may be filled progressively from the rear to the front. Keys should not be left in the cars and the cars may be locked if the owner so desires.

Any questions concerning parking should be referred to the Service and Supply Section, Extension 3123.

Points to discuss with Mr. Cochran.

1. Polatz and Research Department.
2. Present position on the liquidity study.
3. Developments in his absence - I suggest the main headings; details he can get from the staff.
 - a). Paraguay - Jones mission, etc.
 - b). Colombia - renewal of stand-by being negotiated
 - c). Ecuador - mission to advise on unitary rate - Southard informed.
 - d). Bolivia - violations of stand-by - mission by Finch
 - e). Peru - troubles - mission by Robideaux
 - f). Haiti - position on stand-by negotiation - New York banks, etc.
 - g). Argentina - your memo. to Corominas and timing of consultations mission.
 - h). Chile - possibility of mission by Jones McKenna
 - i). Iceland - withholding of approval of multiple rates.
 - j). Brazil - !!
 - k). Turkey

4. Hammarbygd's letter on A.C.C. - draft
reply ~~to~~^{for} Cochran attached.

ARCHIVAL COPY

DEC 12 1957

RCA COMMUNICATIONS, INC.

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INTERFUND WASHINGTONDC

FORM 910110

RCA COMMUNICATIONS, INC.

FOR MRS HAMILTON PLEASE CANCEL ALL PLANE RESERVATIONS TO CHICAGO

AND RETURN FROM MINNEAPOLIS STOP PLEASE ALSO PASS FOLLOWING

MESSAGE FROM JACOBSSON TO AMERICAN FINANCE AND ECONOMIC ASSOCIATIONS

PHILADELPHIA STOP MESSAGE BEGINS UNFORTUNATELY HAVE TO INFORM

YOU THAT I WILL PROBABLY BE DELAYED FOR WORK HERE IN PARIS

RCA COMMUNICATIONS, INC.

PAGE 2

UNTIL EARLY NEXT YEAR AND MUST ASK YOU TO FIND ANOTHER SPEAKER

FOR LUNCHEON DECEMBER 31 STOP PLEASE CONVEY MY SINCERE REGRETS

TO MEMBERS OF YOUR TWO ASSOCIATIONS STOP CORDIAL GREETINGS AND

BEST WISHES FOR SUCCESSFUL MEETINGS JACOBSSON MESSAGE

FORM 910110

ENDS

UNICATIONS, INC.

DEMOUBRAY .

UNICATIONS, INC. RCA COMMUNICATIONS, INC. RCA COMMUNICATIONS, INC. RCA COMMUNICATIONS, INC.



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Box number A3051-005

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File title & dates de Moubray, Guy L L /file/1956-1961

Doc title & dates December 10, 1957 - Correspondence containing personal data



INTERNATIONAL MONETARY FUND
WASHINGTON

MANAGING DIRECTOR

May 29, 1957

Dear Mr. Jacobsson:

Thank you for your card. We suspected that something had gone wrong with your hotel booking in Stockholm when your letter to the Crown Hotel reserving accommodation was returned to us with the legend "N'existe pas". I hope nevertheless that you were able to obtain accommodation at the Grand Hotel without too much difficulty.

The first thing I ought to report on is, I think, the tentative Board schedule for the week in which you return to Washington. Owing to complications, particularly Rasminsky and Emminger, it has not been possible to schedule a meeting for the morning of June 10th. However, it is proposed that a meeting should be held that afternoon; Horne suggests that the agenda should be as follows:

1. Statement by the Managing Director on his trip to Europe (say 1/2 hour)
2. Final decision on Multiple Currency Practices
3. Initial discussion of the Annual Report (I hope you will have received by now the draft as submitted to the Executive Directors)
4. Farewell to Mr. Prasad.

It has not been possible to schedule the German consultations paper for discussion before your return and it is proposed that Tuesday, June 11th, should be devoted to this subject. Since this will be so soon after your return, I feel that you may want to have a look at the paper as it was circulated, but so as not to overburden the mails, I am enclosing only Part I.

Discussion of the Annual Report would continue on Wednesday and probably Friday. This will mean that you will probably be unable to accept Mr. Hayes' invitation to lunch with him that day in New York, prior to your speech at the Forex Club that evening. Incidentally, Mr. Hayes was in Washington early this week and rang up to ask you to lunch with him in Washington. He was disappointed not to find you here but again pressed the invitation to lunch in New York on Friday, June 14th.

The proposed sale of gold was approved by the Board last Friday.

None of the Directors objected to the proposal although a certain number including de Largentaye, Lieftinck, and Prasad said that their approval was not based on the immediate need of the Fund to replenish its dollar holdings but rather on the desire to avoid putting unnecessary pressure on the treasury of a member country. De Largentaye took the occasion to make quite a long speech on the monetary effects in member countries of Fund drawings. His argument in favor of the proposal to sell \$ 300 million of gold was that the drawing of the currency of a member with a strong overall balance of payments surplus should not have the effect of tightening credit in that country and thus contribute to the maintenance of the country's creditor position. He went on to say that similarly the effect of a drawing on a country making the drawing should not be inflationary and thus contribute to the maintenance of the country's debtor position--he made some very pointed hints that the recent Belgian drawing had not been for balance of payments purposes at all but purely to provide the Treasury with local currency.

There was a general desire in the Board not to discuss de Largentaye's argument in the context of the proposed sale of gold but it was evident that many of the members of the Board are eager to see a staff paper on the effects of Fund drawings and would probably wish to discuss such a paper in the Board. The value date for the sale of gold was yesterday and, because of the incidence of the Memorial Day holiday tomorrow, the transaction will not appear in the Treasury daily statement until next Monday.

There was a staff meeting this morning at which some news was given of the various missions currently abroad. Anwar Ali is delayed in Karachi discussing Pakistan's current problems with the Minister of Finance and Prime Minister, Raj is still in Indonesia and apparently very busy, Costanzo's mission has arrived in Paraguay, del Canto and Keesing will be back from the ECLA meeting in La Paz later this week, and Polak's mission also expects to be back this week from Colombia, Walter is in Norway for consultations, and Sturc as you know is now in Austria on his way to Turkey. Woodley was to have joined Costanzo in Paraguay but is remaining in Bolivia because it seems that the possible revision of the wage freeze is again being actively discussed in government circles there and his presence is very desirable to strengthen the Government's resistance to any such scheme at this moment of decision.

Also at the staff meeting this morning Bernstein gave a report on his trip to Europe. He said that nothing of importance had occurred at the ICC Congress at Naples. His comments were chiefly directed to the views of such people as Maurice Allen, Lionel Robbins, Baffi, and Lutz on the problem of the German balance of payments surplus--nothing very original and not even a mention of the budget surplus, the general line being consumption too low in relation to productivity (i. e. real wages too low) and investment too low in relation to savings. The views of all these gentlemen seemed to be that both of these conditions must be corrected but with no very clear ideas of which of the many methods which could be employed to do so would be the most desirable in the long run.

I do not think I have anything else to tell you except that we are all doing well and that apart from one or two hot days, the weather has been pleasantly European!

With best wishes to Mrs. Jacobsson, I am

Yours sincerely


Guy L. L. de Moubray

Mr. Per Jacobsson
c/o Dr. E. Jucker Fleetwood
Schlossrebenrainstr. 10
Binningen (Bld)
Switzerland



OFFICE OF THE
MANAGING DIRECTOR

INTERNATIONAL MONETARY FUND
WASHINGTON 25, D.C.

May 17, 1957

CABLE ADDRESS
INTERFUND

Dear Mr. Jacobsson:

Mr. Hockin is giving a dinner party on Wednesday, June 12, to introduce the new Canadian Ambassador, Norman Robertson, to the leading figures in the Fund, Bank and IFC. He has asked me to write and ask whether you and Mrs. Jacobsson would accept an invitation.

You have no engagement in your book for that night. The only evening engagement you have that week is on Friday, June 14, when you have agreed to speak at the FOREX Club in New York.

Yours sincerely,

Guy de Moubray
Guy de Moubray

Mr. Per Jacobsson
c/o Kensington Palace Hotel
London, England



OFFICE OF THE
MANAGING DIRECTOR

INTERNATIONAL MONETARY FUND
WASHINGTON 25, D.C.

May 16, 1957

CABLE ADDRESS
INTERFUND

Dear Mr. Jacobsson:

We had a very quiet week since you left, with the weather continuing uncomfortably hot until today. I hope you and Mrs. Jacobsson have had a pleasant trip, and that you have been able to get the full benefits of your first quiet week in six months.

I have no earth-shattering developments to report, but you may be interested in some of the following:

At yesterday's Board meeting, the Israeli request for a drawing of \$3.75 million was approved after very little discussion and with one abstention--Mansour. The Commercial Counsellor from the Israeli Embassy opened with a brief statement in the form of a "declaration of intent," in which he spoke of the Government's intention to bring the budget into balance as soon as possible, to avoid inflationary financing, and to avoid the intensification of restrictions. Southard and Del Solar were the only Directors who spoke at any length. Southard said that he would agree to the drawing, although he had doubts as to whether the balance of payments deficit could properly be considered temporary, and whether the measures being taken by the Israeli Government were adequate to correct the imbalance but, in view of the introductory statement and of the rules of procedure in the Fund for drawings within the first credit tranche, he felt that it could properly be said that the Israeli Government were "themselves making reasonable efforts to solve their problems." Del Solar also placed great emphasis on the "declaration of intent," and took the occasion to make a little speech in favor of this general approach to requests for drawings.

At the same Board meeting, Mr. Cochran made a brief report on his trip to Europe, and devoted some time to the question of the location of the Fund's Paris Office. He secured the unanimous consent of the Board to his proposal that he should talk to the Bank with a view to seeing if the Fund and Bank offices in Europe could not be kept under the same roof.

The only important development as regards individual countries concerns Colombia. The new Finance Minister, Mr. Alvarez Restrepo, who was Minister of Finance some years ago and is well-known to the Fund's staff, has requested a staff mission at the earliest possible date to assist in the review of the current financial position of Colombia and short-term prospects. Under the short procedure, the Board has agreed to such a mission which will consist of Polak, Brand and Brovedani, who are leaving tomorrow night. I understand that there is no intention to repeat the full-scale survey that Polak did in 1955, but to go and see just what the situation is at the moment and what, if anything, the new Government proposes to do. They are not going to give the Colombians any encouragement to believe that Fund assistance will be made available except in connection with a well-balanced and sound policy. Southard has been sounded out on the prospects of

Mr. Jacobsson

January 2, 1957

Guy de Moubray

Tentative Programme for First Half 1957

Mid-March

Budget

All material should be in Mr. Cochran's hands. This would be the time for him to discuss with you any major problems requiring decision. It is proposed to send the budget document to the printer on March 23. Annual Report on Exchange Restrictions

Second Half March

Part I, the only part that would interest you, will probably be approaching final draft form during this period, prior to being circulated to the Board on about April 5.

Second Half April/
First Half May

Annual Report

This will be the most active period for the Fund staff. It is hoped to circulate the first draft to the Staff Committee on about May 2 and to circulate the first draft to the Board on about May 22.

May 6

Founders' Day

It has been the practice to celebrate the anniversary of the first Board Meeting. The Managing Director usually gives a lunch party for members of the Board and senior staff of the Fund, inviting four or five outside dignitaries, e.g., Humphrey, Burgess, Black, Overby and Martin. It is not essential that you be present; if, for example, you have an engagement abroad on that date it would be perfectly understood and the Deputy Managing Director would preside in your absence.

June 7-28

Discussion of the Annual Report by the Board.

Mr. Per Jacobsson

December 4, 1956

Guy L. L. de Moubray

1. Extract from address by Dr. Holtrop at Fund Informal Session on "Recent Developments in Monetary Analysis" - September 25, 1956.

" The fundamental rules on which this working relationship between central bank and treasury is based follow straightly from the underlying principles of the method of analysis I have just set out. They might be summaried as follows:

- (1) Borrowing by the Treasury from the central bank for the purpose of repaying debt to the banking system is by itself, that means apaat from its indirect influence on bank liquidity, not of an inflationary character.
- (2) Borrowing by the Treasury from the central bank for the purpose of repaying short term debt to the public is by itself not of an inflationary character if the public entrusts these funds to the banking system.
- (3) If, however, the public uses the released funds for fhancing new expenditure such borrowing will indeed be indicative of an inflationary process. The origin of the inflationary impulse must then, however, be attributed to the private sector of the economy.
- (4) Borrowing by the Treasury from the commercial banking system for the purpose of financing expenditure has by itself exactly the same inflationary character as borrowing from the central bank.

(5) Borrowing by the Treasury from the public by issue of short term debt for the purpose of financing expenditure can be actually and is at least potentially of an inflationary character. Such borrowing can fundamentally only be justified if serving to counteract undesirable deflationary effects of spontaneous hoarding in the private sector of the economy.”

2. Extract from B.I.S. Annual Report 1942-3, p.23.

“ (iv) In so far as governments have been unable to borrow from the public and from such financial institutions as insurance companies and savings banks, they have turned to the commercial banks and, as a last resort, to the central bank; by keeping strictly to this order they have hoped to lessen the inflationary effects. But it must be expected that part of the amounts borrowed from the commercial banks and paid out by the government will be withdrawn in cash by the public. To meet the public's demand for currency, the commercial banks may already have ample cash reserves at their disposal (that was the case, for instance, in the United States when the rearmament period began) or cash reserves may accrue to the banks from an influx of funds from abroad.Often, however, the commercial banks will have to borrow from the central bank, or sell to it (directly or indirectly) part of their government paper; or the central bank may by its own operations (including direct lending to the government) furnish the banks with sufficient funds. Thus, credit is extended by the central and the commercial banks concurrently, in proportions dependent upon the ratio of the note circulation to bank deposits; and, generally, attempts are made to provide for a harmonious parallel expansion.”

In attempting to justify a perfectly sound proposition, namely, that it is proper for a central bank to lend to the Government to enable the latter to meet the demands of the banking system for the repayment of short-term Government debt, Dr. Holtrop has allowed himself to make an unsound judgment of the relative merits of Government borrowing from central banks and commercial banks respectively.

The following are some brief comments on his five "rules":-

Nos 1, 2, 3. If the banking system is not prepared to hold the volume of Government short-term debt that the Government would wish, the Government has the choice of finding the funds to meet the net maturities either 1) out of current income (or from increased savings in longer-term Government debt) or 2) by borrowing from the central bank. There is no doubt, I think, that the former is the less inflationary course to follow. Borrowing from the central bank for this purpose will be inflationary because of its direct influence on bank liquidity; the commercial banks having more cash available and not being willing to hold short-term Government obligations will seek a productive outlet for these funds in advances to the public, industry, etc.

No. 4. This is only so to the extent that the commercial banks in order to find the funds with which to take up Government obligations have recourse, whether directly or indirectly, to the central bank. Commercial banks can expand credit, ~~but~~ only within the limits set for them by the central bank.

No. 5 Agreed.

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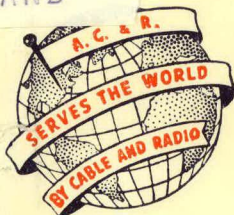
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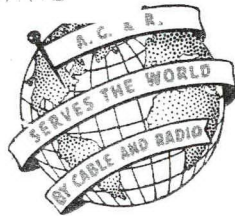
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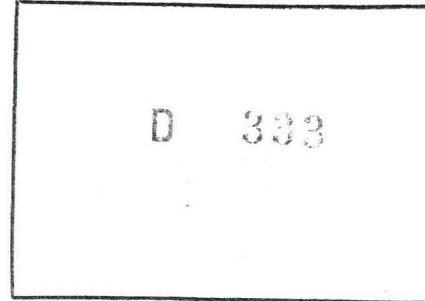
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