

November 10, 1959

Dear Mr. Wilkie:

Thank you for your letter of the 14th October in which you comment on the adequacy of the recent increase in the resources of the International Monetary Fund.

It was clearly desirable in 1958 to enlarge the Fund's resources for a number of reasons, and the increase in prices during and after the war and the increase in the volume of trade since the war were most important factors in this decision. There was no intention, however, of suggesting that the Fund's resources should be increased proportionately with the value of world trade, since a number of other factors bear upon the timing and the size of the increase.

According to the principles regulating the recent increase of the Fund's resources, a member had to pay to the Fund, with certain exceptions, 25 per cent of its increase in quota, in the form of gold. To this extent, the increase in the Fund's resources was accompanied by a decrease in the reserves of its members, although they did acquire, as compensation, potentially larger drawing rights on the Fund for themselves. In addition, they benefit indirectly from the support which the Fund offers to other members and the International financial structure generally.

A decision to increase the Fund's resources therefore represents a balance between available resources of the Fund and potential demands upon it, combined with a judgment of the advantages of transferring reserves from member countries to the Fund. I should like to add that this decision to increase the resources of the Fund was approved by the responsible bodies of the member countries all round the world with a remarkable degree of unanimity.

I very much appreciate your interest in this matter.

Sincerely yours

Per Jacobsson  
Managing Director

Mr. John A. Wilkie  
902 Farwell Drive  
Madison 4, Wisconsin

*cc Mr Altman*

November 10, 1959

Dear Senator Wiley:

I am very glad to attach a copy of my reply to Mr. John A. Wilkie, one of your constituents, who sent you a copy of his letter to me commenting on the adequacy of the recent increase in the resources of the International Monetary Fund.

With very best wishes to Mrs. Wiley and yourself and hoping to see you both before long, I remain

Yours sincerely

Per Jacobsson  
Managing Director

The Honorable  
Alexander Wiley  
United States Senate  
Washington 25, D. C.

Oct. 22, 1959

Remmed 9/11/59  
PMS

Mr. Oscar L. Altman

David Somerset

The Managing Director would be grateful for comments on the attached letter from John A. Wilkie. Would you also please draft replies to him and to Senator Wiley.

(Enclosures)

November 10, 1959

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Per Jacobsson  
Managing Director

Mr. John A. Wilkie  
902 Farwell Drive  
Madison 4, Wisconsin

# United States Senate


October 17, 1959

Respectfully referred to  
Director  
International Monetary Fund  
Washington 25, D. C.

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for such consideration as the communication  
herewith submitted may warrant, and for a report  
thereon, in duplicate to accompany return of  
inclosure.

By direction of

  
Alexander Wiley, U. S. S.

902 Farwell Drive  
Madison 4, Wisconsin  
October 14, 1959

Per Jacobson  
Managing Director  
International Monetary Fund  
Washington 25, D.C.

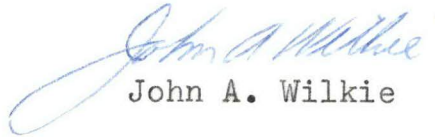
Dear Mr. Jacobson:

I am in receipt of the Annual Report 1959 of the International Monetary Fund.

In the discussion on "Increasing the Fund's Resources" there appears the statement on page 15, "Account had to be taken of the fact that in the last decade the volume of world trade had nearly doubled, and that the rise in dollar prices since 1944 had correspondingly reduced the real value of the Fund's resources. Moreover, the trade and the greater freedom of international payments, including capital movements may intensify the effects of a sudden change in confidence in a major currency. The Fund's members must be assured that it is adequately equipped to take the strains of crisis and adversity."

It is suggested that the 50 per cent increase in member's quotas while admirable is an insufficient increase to meet the objectives stated above. While trade volume had doubled quotas were only increased by one-half. It is to be hoped that a further increase in quotas (33 per cent of the increased totals) will be considered by the Board of Governors in the near future.

Sincerely,



John A. Wilkie

Copy

Secretary of the Treasury,  
United States Government  
U.S. Senator Alexander Wiley  
U.S. Senator William Proxmire