COMTELBURO LIMITED 85 FLEET STREET LONDON E.C.4 TELEPHONE FLEET STREET 6060

THE ECONOMIC X-RAY

London, May 18, 1964

Liquidity

If the overplayed subject of international liquidity is capable of anything epoch-making, then Mr. Schweitzer's speech a fortnight ago probably was. As head of the IMF he was talking on "recent international monetary developments," and he made himself about the most important of them. Recalling that both the Fund and the Group of Ten are studying the international monetary system and the future needs for liquidity he starts off that "in one sense it is not a system at all. The term is used rather to describe the existing practices by which the various national monetary systems are meshed together." Until the war there was little conscious planning. Out of the grim experience of the prewar depression a sustained attempt has been made since the war to introduce more effective co-ordination.

In the course of time, gold holdings have been "supplemented by holdings of foreign currencies considered to be in practice as good as gold. The pound sterling was the outstanding currency for such purposes until comparatively recent times, when the U.S. dollar has grown to a place of pre-eminence. These practices have, on the whole, proved satisfactory but there are limitations to the system of reserve currencies. Their use depends on confidence in the maintenance of their gold value. Eventually the accumulation of claims, implicit in this system, can undermine this confidence and at that time any indication of a continuing payments deficit for the reserve currency can create a type of liquidity panic where countries scramble for the greater security provided by gold. There has, therefore, been a continuing search for ways to provide a more secure source of the necessary continuing expansion of liquidity."

The Fund has large resources of its own, and a further $6 billion in its borrowing scheme, and the American bilateral swap arrangements exceed $2 billion. "This combination of arrangements, multilateral and bilateral, formal and informal, has served the world well. World trade has been expanding steadily at a remarkable rate and the expansion shows no signs of coming to an end for lack of liquidity or for other reasons. This does not mean, of course, that every individual country considers its level of reserves adequate. In almost every country the authorities would feel more secure if they had a somewhat higher level of reserves. ... In my view, reserves are adequate when their level ensures that countries generally feel sufficiently secure to promote a sustainable expansion of the world economy."

Here it comes. "Although arrangements for the provision of liquidity have been adequate in the immediate past, there is every reason to study carefully the prospects for the future. Gold production can reasonably be expected to provide an addition to official gold and foreign exchange reserves of perhaps at most

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$1\frac{1}{2}$ percent per annum, an increase well below the potential for growth of world trade. Up to the present, the tremendous excess holdings of gold in the United States at the end of World War II provided a substantial source for liquidity for other countries, but this is now ending. Furthermore, the accumulation of adequate reserves is contingent on continuous balance of payments surpluses which is not within the means of all countries, so owned reserves will to some extent have to be supplemented by borrowing. In addition, the gradual adjustment of many of the developing countries to lower levels of reserves relative to trade has also now reached a point at which further adaptation may be difficult. At the same time, the growing level of foreign debt in the developing countries has added to their need for reserves. Above all, the relative reduction in the dominance of the United States in the world economy since the re-emergence of the economic strength of the principal European nations has added to the need for liquidity."

Mr. Schweitzer

Connoisseurs might croon at that lulu. Per Jacobsson regarded himself as a financial diplomat and had his achievements and moments; but just look at that sentence, directed at Mr. Schweitzer's former French colleagues, who are also his future colleagues if he is to end up as Governor of the Bank of France. Returning to his speech: "For these and other similar reasons, I am sure that we will have to make provisions for increasing liquidity in the future through international cooperation. But I would again emphasize that I find no major cause for concern in the present position of the international monetary system. As long as the major reserve currencies are managed in ways which can give rise to continued confidence, there is no danger of crisis. ...

"Thus, I would look forward not to drastic change but rather to continued innovation along the lines presently followed. ... A growing role will undoubtedly be played by an expanding International Monetary Fund. Under present procedures the most direct way to increase the role of the Fund would be through an increase of quotas. ... The ways in which the Fund might contribute to the solutions of these problems is, of course, by no means limited to this possibility. The techniques of consultation through which the Fund can make clear in advance the actual availability of resources are being re-studied in order to perfect them. In this connection it should be realized that many countries have confined their use of the Fund's resources to times of crisis. It is essential, if the creation of extra liquidity is to be effective, that resort to the Fund become a normal method of dealing with swings in the balance of payments. In addition to these extensions of existing Fund practices, consideration is being given to the possible value of more far-reaching innovations, such as the acceptance by the Fund of deposits and the introduction of investments at the initiative of the Fund."

Thanks to first-rate reporting from Washington, London and
ırope were as quick as New York to get a load of that last double
eature. In U.S. monetary quarters the whole speech was said to
ıply that the Fund, cautious and conservative by nature, has become
ıcreasingly open-minded towards expansion of world monetary reserves.
ı this side it made a similar impression. In monetary progress
ıe squares can make rings round the mods and rockers. They often
ı. For example, if and when the United States sees it, the thing
ı preserve the U.S. gold stock, or indeed to put gold out of business,
ı interest-bearing dollar paper with a gold-value guarantee. Every
rap of IMF paper has that guarantee, and Mr. Schweitzer wants an

-see 3-

enlargement of Fund paper. The Fund deals in something still more advanced, interest-bearing gold. In orthodox monetary theory that stuff cannot exist. Mr. Schweitzer has pointed out that the Bank for International Settlements was ahead of the Fund in having it. Those two ultra-orthodox bodies are the only important ones in the world that have it.

When the Fund's and the Group of Ten's studies were formally set up in Washington last October, the smaller body was regarded as the ginger group, though Mr. Schweitzer himself did not see what it could do that his Fund couldn't. Irreverently nicknamed Roosa Nostra (Roosa is a Dutch name and more or less rhymes with Cosa) it has done nothing for Mr. Roosa or any other reformers, having got bogged down in the theological niceties of his Dutch uncles. Up to now it has barely got as far as enlargement of the Fund quotas, with the usual gold proportion not to be fully subscribed in gold but to be automatically withdrawable as if it were. That is where we came in before last year's IMF meeting. Mr. Schweitzer, by contrast, has gone far ahead of where he came in and, though he has taken his time about it, the judgments of a year ago have been vindicated. Dr. Carli was then thought to have too much on his plate in Italy to be able to take on the IMF job, and true enough he had. Various distinguished OECD officials were thought to be candidates of the press rather than real starters, because they do so go on like Dutch uncles. Mr. Schweitzer was thought to be nobody's stooge, and to have mettle which he would duly display; and there it is.

Dollar

One can now hark back to President Johnson's "Task Force" which recommended that, as standard procedure, U.S.-based international corporations should hard-sell their own shares abroad, and should finance their foreign operations in the way which "minimizes the outlay of cash," all for the sake of the U.S. balance of payments. "With achievement of a high degree of convertibility and the diminution of exchange risks, the incentives for maximizing foreign sources of financing are not as strong as several years ago. Nevertheless, we believe that the introduction of U.S. balance-of-payments considerations into all corporate financial decisions could do much to increase corporate borrowing abroad." To all these worthy ends the big U.S.-based international corporations are to pass on their know-how, which "would be invaluable to small- and medium-sized corporations which may be less aware of the opportunities for foreign financing and its implications for the U.S. balance-of-payments problem."

It is refreshingly frank, and harder to criticise on economic than on emotional or political grounds - except only that, as more people are beginning to suspect, ~~the~~ premise of a deficit in the U.S. balance of payments is doubtless a hallucination. Now that the world has to dig nearly $100 million a week for the hire of the existing U.S. direct investments, let alone anything that may come from all these new brainwaves, Italy is not the only country that may learn that the interval between imagining you have a dollar surplus and finding you have a dollar deficit is hardly longer than the interval between being hard up and being down and out.

In the Task Force report the misnamed section on "Attracting Foreign Deposits in U.S. Banks" is equally concerned with keeping U.S. money at home. "Congress should adopt legislation discontinuing mandatory regulation of maximum interest rates on domestic and foreign deposits." Until it does, the Federal Reserve "should administer

-see 4-

NEW YORK CHAMBER OF COMMERCE

SIXTY-FIVE LIBERTY STREET

NEW YORK 5, N. Y.

RECTOR 2-1123

FOUNDED APRIL 5, 1768

May 6, 1964

N A

Dear Mr. Schweitzer:

It is a particular pleasure to send you the accompanying token of our deep appreciation for the talk which you gave yesterday to the members of the Chamber of Commerce. In view of your experience and present position, it is natural that few could speak with such authority. However, as Mr. Champion said to you, not only was your experience evidenced by the subject matter but the substance was such as to be an interesting challenge for the future of the IMF.

I know I speak for all of the officers and members of the Chamber in expressing their thanks again for your participation in our program.

Sincerely yours,

Mark E. Richardson

Mark E. Richardson
Executive Vice President

Mr. Pierre-Paul Schweitzer
Managing Director
International Monetary Fund
Washington, D. C.

THE CHASE MANHATTAN BANK

1 Chase Manhattan Plaza, New York 15, New York

GEORGE CHAMPION *Chairman Board of Directors*

May 6, 1964

N/A

Dear Pierre-Paul:

Again I want to apologize for my poor planning of yesterday. It was a great mistake for me to have you at the special meeting which, unfortunately, turned out to be such a "hoe-down" and particularly so when we had such a distinguished speaker who had such an important message. But, I guess we all live and learn!

This in no way detracted from the enthusiastic response which I received about your talk. Am glad to say even THE TIMES has covered it extremely well. You made a very real contribution to the financial thinking of this country. I know it will have a very helpful effect throughout as your speech will be printed and copies sent to over ten thousand on our mailing list, including all the Chambers of Commerce in the United States.

It was wonderful of you to take the time from your very heavy schedule to do this and I can't tell you how much I appreciated it.

Best wishes,

~~Sincerely,~~

George

Mr. Pierre-Paul Schweitzer
Managing Director
International Monetary Fund
Washington, D. C.

NELSON FUND, Inc.

GEORGE J. NELSON
PRESIDENT

37 WALL STREET
NEW YORK, N. Y. 10005
BOwling Green 9-0270

May 6, 1964

Mr. Pierre-Paul Schweitzer
International Monetary Fund
Washington, D. C.

Dear Mr. Schweitzer:

As a member of the New York Chamber of Commerce for many years, I can gladly testify that the business portion of the monthly meeting of our Chamber had always been delightfully monotonous, in order not to say soporific. It took a long time, namely, until your arrival upon the dais, before the Chamber changed into something like a Jacobin convention. I could not help smiling when I realized that your presence coincided with the first serious fight on the floor of the august Chamber among its dignified and senescent members. Let me compliment you that after the fire of this battle, you gave a splendid report on Recent International Monetary Developments.

I was a friend and great admirer of your predecessor--I was once privileged to spend quite some time with him alone at your office, covering the waterfront. I shall always cherish the memory of this conversation and I am happy that I was very recently asked to join the Per Jacobsson Foundation as a contributor.

Your speech was delivered in the best Per-Jacobsson tradition and, after hearing it, I might start a campaign for the formation of a Pierre-Paul Schweitzer Fan Club!

Sincerely yours,

George J. Nelson

HOLD FOR RELEASE
UNTIL NOON
TUESDAY, MAY 5, 1964

Address by the Managing Director of the International Monetary Fund, Pierre-Paul Schweitzer, to the New York Chamber of Commerce, New York

May 5, 1964

RECENT INTERNATIONAL MONETARY DEVELOPMENTS

Mr. Chairman:

I have been told I have about half an hour to speak to you today. For this time I seem to have given myself a rather large subject. But I would like for a few minutes to say some words about recent developments in world trade and payments and then to go on to talk briefly about the work which is at present being done in the monetary sphere to try to ensure the future orderly expansion of the world economy.

It is valuable from time to time to turn from national preoccupations to review conditions internationally and to see each country's problems to some extent as they relate to those of others. For no country today, not even the United States, is insulated from major international trends in the general economic and financial field. The degree of international cooperation which has been built up since the war, the rapid increase in and dependence on world trade,and the size of capital movements following the restoration of convertibility amongst the major industrial countries, make it impossible for countries to live in isolation economically, any more than they can politically.

What of the present position? Recent developments in the world trade and payments picture have, on the whole, been encouraging. In the past two years there has been a broad growth of production throughout the world, while international prices have been reasonably stable. The most disturbing major imbalances of trade and payments have shown improvement. In particular, the deficit of the United States has recently been reduced to more manageable levels. During the first quarter of 1964, the balance of payments, aided by transitory favorable factors, was even in approximate equilibrium. Moreover, the developing countries as a group, after a long period of considerable difficulty, have had their positions substantially improved by better prices for their export products. Although there are other developments which portend difficulties for the future, it is a matter of satisfaction that these major improvements have occurred.

The growth in world trade and production, which has now continued for many years, was especially satisfactory in 1963 because it was so widespread. In continental Europe the growth of production has been encouraging for many years. In Japan there was a dramatic recovery of industrial production which increased by 18 per cent during the year. In the United Kingdom the growth in production, while less dramatic, was particularly welcome as output had risen little for several years. In the United States, output has now been moving upward for more than three years with clear signs of an acceleration this year. The simultaneous advance in all the major industrial countries was a main factor behind the increased export earnings of the primary producing countries, which to some extent were also due to accidental factors. The improvement in this latter group of countries was, of course, not universal. Some had no share in the rise in export earnings. In others, the increase in output was disappointing -- the more so in view of the importance that the inequality be reduced as rapidly as possible.

The growth of production during 1963 took place in economies running at different levels of capacity. In both the United States and Canada, relatively high unemployment and unused capacity permitted the expansion to occur with little pressure on prices and wages. In the United Kingdom and

Japan, while initially there was some excess capacity, there was evidence of a renewal of strong demand pressures in late 1963 and early 1964 requiring some restraining measures. In continental Europe, pressure on wages and prices was in evidence throughout the period. In Italy and France, in particular, the rate of price advance reached such proportions during 1963 that the authorities felt impelled to undertake significant restraining measures on demand.

After the middle of 1963 there was a rather broad tendency for interest rates to rise as monetary policy shifted in the direction of restraint. In both the United States and Canada, the increase in long-term interest rates during 1963 was much less than in short-term rates. In the United Kingdom, long-term rates actually declined until the third quarter of 1963, but, with the tightening of monetary policy later in the year, long-term interest rates rose significantly.

Although monetary measures in most countries have tended, on the whole, to be restraining in recent months, there was more diversity in fiscal action. In Europe, the growing concern about price increases created a pattern generally for a restrictive fiscal policy. In other areas where there was evidence of unused capacity, there were some significant attempts to use fiscal policy for expansion. This occurred most notably in the United States with the recent income tax reduction. But during 1963 and 1964 the budget was used in Japan, the United Kingdom and Canada to stimulate the economy.

The expansion in demand in the industrial countries in 1963 had an immediate and a valuable result in the acceleration of the growth of world trade. World exports increased by 8 1/2 per cent in 1963, ~~compared with 1962~~, substantially above the increase in the order of 5 per cent in the two preceding years. More important even than the amount of the increase was its improved distribution. For some time the developing countries had not shared equally in the growth of exports, but in 1963 this pattern was no longer true and they obtained a full share of the over-all growth. In fact, in 1963 there were very few countries in which exports were lower than those in 1962 and in most of these, exports were rising in the latter part of the year and in the early months of 1964.

There were some substantial changes in the balances of payments of major countries during 1963. The most important of these was undoubtedly the sharp improvement in the balance of payments of the United States after mid-1963, to which I have already made reference. Even though I believe -- and this is a view shared by the authorities in this country -- that developments in the first quarter of 1964 were more favorable than can be expected during the remainder of this year, I feel that the U.S. balance of payments may now have turned the corner. Several factors are tending to support it. First, the substantial rises in costs in Europe and Japan ~~in relation to the~~ compared with their stability in this country have tended to improve the competitive position of the United States in international trade. Second, three years of sustained growth, combined with price stability, have, in view of these rises in costs abroad, reduced the attractiveness of making foreign investments. Third, government programs to stimulate exports are taking effect. But despite these influences, a balance of payments deficit of some $2 billion is seen by the authorities for 1964, and it is clear that they will have to give continuing close attention to the payments situation for some time to come. In this connection it must also be kept in mind that the balance of payments of the United States cannot be said to have attained a satisfactory equilibrium until there is a surplus ~~of~~ in goods and services sufficient to provide a flow of capital exports and aid, especially to the less developed countries, on a scale consistent with the capacity of the huge American capital market.

At the same time that the U.S. payments position was improving, there was a significant reduction in the surplus of the Common Market countries. Much of this welcome adjustment, coming after a long period of surplus, has unfortunately been concentrated in Italy where it has caused considerable difficulty. There has also been, however, a substantial reduction in the surplus position of France. Even though there has at the same time been a re-emergence of a large German surplus, present trends suggest that the surplus problem of the Common Market area--in some respects the mirror image of the deficit problem of the United States--has also come much nearer to its solution.

This relative improvement in the outlook for the United States is of great importance to the stability of international monetary arrangements. Despite all the innovations in new payments arrangements, it remains vital to the smooth operation of the international monetary system that the ability of the United States to manage its payments situation be unassailable. The accumulating evidence that the problems of adjustment are being met has done much to stimulate the belief in the continuity of world prosperity and monetary stability which is now in evidence.

One of the more serious aspects of world trade and payments developments in recent years has been the relatively slow growth in the less industrialized countries. This has been due in part to declining prices for foods and raw materials. In 1963 and early 1964 there was an important reversal in this trend. ~~Within~~ During 1963 there was an increase of around 10 per cent in the prices of such products. This increase, while not fully represented in the balance of payments developments in 1963, was responsible for substantial improvement in the positions of the developing countries. This was recorded in part in an increase in the payments surpluses of primary producing countries, but it was also instrumental in financing a rise in their imports from the industrial countries.

Despite this trend the position of the developing countries remains a difficult one and it was largely to focus attention on their problems that the United Nations World Conference on Trade and Development was organized. This Conference is now meeting in Geneva, attended by the representatives of 122 countries. When speaking to this Conference just over a month ago, I quoted a sentence from the Articles of Agreement of the Fund--our basic rules of conduct. It states that one of the major purposes of the Fund is,

> "To facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members as primary objectives of economic policy."

To ensure the continued steady growth of world trade and all the benefits which flow from it, the Fund and the financial authorities of ten major industrial countries have been engaged in studies to examine the functioning of the international monetary system and the probable future needs for liquidity. One must not expect these studies to lead to overnight changes. The international monetary system is, to a large extent, the product of organic growth, and not something neatly defined in a set of laws or regulations. In one sense it is not a system at all. The term is used rather to describe the existing practices by which the various national monetary systems are meshed together. Until World War II these practices had largely developed over time with little conscious planning. But out of the grim experience of the depression years of the thirties a strong and sustained attempt has been made after World War II to introduce some more effective coordination of action.

Under the old gold standard, countries held gold reserves to give them the necessary resources to meet payments deficits. In the course of time, gold holdings were supplemented by holdings of foreign currencies considered to be in practice as good as gold. The pound sterling was the outstanding currency for such purposes until comparatively recent times, when the U.S. dollar has grown to a place of preeminence.

These practices have, on the whole, proved satisfactory but there are limitations to the system of reserve currencies. Their use depends on confidence in the maintenance of their gold value. Eventually the accumulation of claims, implicit in this system, can undermine this confidence and at that time any indication of a continuing payments deficit for the reserve currency can create a type of liquidity panic where countries scramble for the greater security provided by gold. There has, therefore, been a continuing search for ways to provide a more secure source of the necessary continuing expansion of liquidity. Over the years much has been done to achieve this through international cooperation. The first stumbling steps were taken in this direction in the 1930's--notably in the Tripartite Agreement of 1936 between the United States, France, and Great Britain.

Since then, efforts in this direction have become much more substantial. Foremost among them was the establishment of the International Monetary Fund, set up at the Bretton Woods Conference in 1944. The Fund has been the principal instrument for developing international cooperation in the monetary field. Signatories of the Articles of Agreement undertook jointly international obligations by which countries agree to follow certain practices and to shun others. Thus were effectively established broad lines of international ~~fin~~ financial policy aimed particularly at the achievement of convertibility of currencies based on stable and realistic par values and the avoidance of restrictions on payments. In addition, the Fund was provided with a very substantial pool of resources which it can use to give short-term assistance to members who are trying to follow the agreed broad policy and who are encountering temporary payments difficulties. Since its creation, this pool of gold and convertible currencies has grown to substantial proportions. At present there are available to the Fund $3 billion in gold assets, about $7 billion ~~insc~~

in convertible currencies and over $5 billion in other currencies. In addition, in 1962 the Fund entered into an arrangement with ten major industrial countries by which a further $6 billion of convertible currencies is available to enable the Fund to cope with any possible crisis in the international monetary system.

Resources to meet payments problems have been brought together in a number of other international arrangements as well. The European Payments Union was one such arrangement which served a very useful purpose in facilitating the recovery of European trade until other reserves grew to adequate levels. More recently, a system of bilateral swap arrangements has been developed between the United States and other industrial countries. These facilities, which now total more than $2 billion, are particularly designed to meet very short-term difficulties, particularly speculative pressures in which immediate availability is vital.

This combination of arrangements, multilateral and bilateral, formal and informal, has served the world well. World trade has been expanding steadily at a remarkable rate and the expansion shows no signs of coming to an end for lack of liquidity or for other reasons.

This does not mean, of course, that every individual country considers its level of reserves adequate. In almost every country the authorities would feel more secure if they had a somewhat higher level of reserves. Moreover, in many developing countries the authorities feel that the available reserves are totally inadequate to meet their immediate needs. This, however, is not a problem of the world monetary system: any foreseeable addition to the reserves of these countries would soon be expended in increased imports. The problem of the developing countries is not primarily one of short-term resources, but rather of long-term development loans and aid. In my view, reserves are adequate when their level ensures that countries generally feel sufficiently secure to promote a sustainable expansion of the world economy.

Although arrangements for the provision of liquidity have been adequate in the immediate past, there is every reason to study carefully the prospects for the future. Gold production can reasonably be expected to provide an addition to official gold and foreign exchange reserves of perhaps at most 1 1/2 per cent per annum, an increase well below the potential for growth of world trade. Up to the present, the tremendous excess holdings of gold in the United States at the end of World War II provided a substantial source for liquidity for other countries, but this is now ending. Furthermore, the accumulation of adequate reserves is contingent on continuous balance of payments surpluses which is not within the means of all countries, so owned reserves will to some extent have to be supplemented by borrowing. In addition, the gradual ~~adaptation~~ adjustment of many of the developing countries to lower levels of reserves relative to trade has also now reached a point at which further adaptation may be difficult. At the same time, the growing level of foreign debt in the developing countries has added to their need for reserves. Above all, the relative reduction in the dominance of the United States in the world economy since the re-emergence of the economic strength of the principal European nations has added to the need for liquidity.

For these and other similar reasons, I am sure that we will have to make provisions for increasing liquidity in the future through international cooperation. But I would again emphasize that I find no major cause for concern in the present position of the international monetary system. As long as the major reserve currencies are managed in ways which can give rise to continued confidence, there is no danger of crisis. Further, the growing cooperation of the major countries in these fields, as evidenced by their active support of the Fund and such new arrangements as the bilateral swaps of the United States, is strong assurance of continued sensible management of international finances.

Thus, I would look forward not to drastic change but rather to continued innovation along the lines presently followed. Gold production and, to some extent, a further expansion in the holdings of reserve currencies will provide a major part of the necessary liquidity. But, in addition, a growing role will undoubtedly be played by an expanding International Monetary Fund. Under present procedures the most direct way to increase the role of the Fund would be through an increase of quotas by the member countries. In this step the member countries, by supplying an increased amount of their own currencies to the Fund, would provide an increased pool of reserves available to all members in accordance with the general principles which have been evolved. In general, these principles provide that a member has assured access to the resources when it is following policies that will ensure that its payments problems are short-lived. In this way the Fund preserves a revolving fund available to those in need of its assistance.

The ways in which the Fund might contribute to the solutions of these problems is, of course, by no means limited to this possibility. The techniques of consultation through which the Fund can make clear in advance the actual availability of resources are being re-studied in order to perfect them. In this connection it should be realized that many countries have confined their use of the Fund's resources to times of crisis. It is essential, if the creation of extra liquidity is to be effective, that resort to the Fund become a normal method of dealing with swings in the balance of payments. In addition to these extensions of existing Fund practices, consideration is being given to the possible value of more far-reaching innovations, ~~probably~~ such as the acceptance by the Fund of deposits and the introduction of investments at the initiative of the Fund.

The implications of greater reliance on international agreements for the creation of liquidity are considerable. It is my belief that such an evolution can best take place through the gradual creation of precedent in a continuing agency so that adequate assurance is given of the way in which the international authority will be used. The Fund has a unique opportunity to play the central role in such a cooperative development. It has already shown an ability to make prudent step-by-step adjustments to meet changing circumstances. It has the advantage of membership of the developing countries as well as the industrial countries. It is important, for economic as well as political reasons, that the voices of the developing countries be heard in the councils of decision. It is important too that the measures which are taken assure full access to any benefits by these poorer countries.

The issues involved in all these changes are unusually complex. It is, therefore, particularly satisfactory that the present favorable developments in world trade and payments permit full consideration of all aspects of these questions in an atmosphere of calm. Thus ~~we can~~ We have time to achieve a deeper understanding of the direction in which we should move and yet still to take action in advance of any need that may arise.

April 22, 1964

Dear Mr. Steinberg:

I promised to let you know the title of Mr. Schweitzer's address to the New York Chamber of Commerce on May 5. He will speak on "Recent International Monetary Developments" and, as I mentioned in my earlier letter, we would hope to be able to provide fifty copies of his address to you at the time Mr. Schweitzer delivers it.

Yours sincerely,

W.P. Cooke
Personal Assistant to the
Managing Director

Mr. Jack Steinberg
Messrs. Cunningham and Walsh
260 Madison Avenue
New York, N.Y.

April 15, 1964

Dear Mr. Steinberg:

I understand you are concerned with the publicity for the meeting on May 5 at which Mr. Schweitzer is addressing the New York Chamber of Commerce. I enclose two copies of a recent photograph and some copies of a brief biographical sketch, which may be useful for you.

I am not yet able to give you the title of Mr. Schweitzer's speech, but I can tell you that there will be a written text available and we can either arrange for Mr. Schweitzer to bring fifty copies with him to New York or send them to you in advance.

I will make sure that we tell you the title of the address before April 24.

Yours sincerely,

W.P. Cooke
Personal Assistant to the
Managing Director

Mr. Jack Steinberg
Messrs. Cunningham and Walsh
260 Madison Avenue
New York, N.Y.

INTERNATIONAL MONETARY FUND

April 8, 1964

TO : Mathilde

FROM: Beverly

A Mr. Jack Steinberg called re Mr. Schweitzer's speech to the New York Chamber of Commerce on May 5. Mr. Steinberg is doing some publicity for the meeting and would like to have a photograph and a biography of Mr. Schweitzer. He also requested, if possible, to be informed of the title or subject of the speech by April 24 and if Mr. Schweitzer will have a written text with him. If so, Mr. Steinberg would like to have 50 copies of the text (or release). His address is as follows:

Mr. Jack Steinberg
Cunningham and Walsh
260 Madison Avenue
New York, New York

Murray Hill 3-4900

BRS

GEORGE CHAMPION
1 CHASE MANHATTAN PLAZA
NEW YORK, NEW YORK 10005

night of 4th Sherry Netherland

April 13, 1964

Dear Pierre-Paul:

We are indeed sorry that Mrs. Schweitzer will not be with you on your trip to New York next month, but Mrs. Champion and I are looking forward to having you with us in our apartment the evening of the 4th. We have asked a few of your friends - old and new - to join us at 7:30 P.M.; black tie.

If you will please tell me where you plan to stay I will send a car for you.

With kindest personal regards,

Sincerely,

George

Mr. Pierre-Paul Schweitzer
International Monetary Fund
Washington
D. C.

Res. 435 East 52nd St (?)
PL-8-3123

April 9, 1964

Dear George:

Just a note to confirm that I have an engagement on May 5, so I shall be delighted to accept your invitation to dine with you on the evening of May 4. I regret, however, that my wife will not be able to accompany me to New York on this occasion.

With kind regards,

Yours sincerely,

P.-P. Schweitzer

Mr. George Champion
Chairman, Board of
Directors
The Chase Manhattan Bank
1 Chase Manhattan Plaza
New York, N.Y. 10015

THE CHASE MANHATTAN BANK

1 Chase Manhattan Plaza, New York, New York 10015

GEORGE CHAMPION *Chairman Board of Directors*

April 1, 1964

Dear Pierre-Paul:

May 5th is going to be here before we know it! As I told you, Mrs. Champion and I would be delighted if you and Mrs. Schweitzer could join us for dinner either the night of the 5th, or perhaps the night of the 4th would be more convenient for you. We would like very much to gather some of our friends together for such an occasion on either night.

4th

Looking forward to seeing you next month, if not before.

Kindest personal regards,

Sincerely,

Mr. Pierre-Paul Schweitzer
International Monetary Fund
Washington, D. C.

THE CHASE MANHATTAN BANK

1 Chase Manhattan Plaza, New York 15, New York

GEORGE CHAMPION *Chairman Board of Directors*

November 13, 1963

N/A

My dear Pierre-Paul:

You are kind indeed to change your schedule for the Chamber of Commerce talk and I appreciate it enormously. It will be a very rewarding experience for us to have you with us and I am sure you will have an enthusiastic audience at the Chamber on Tuesday, May 5, 1964. As I told you, Gene gave a perfectly superb talk yesterday and as soon as copies of it are available I will send you one.

If Mrs. Schweitzer plans to be with you in New York on that date, Mrs. Champion and I would be delighted if we could have a small group for dinner with you two. If not, I would like very much to have a small group for a stag affair.

Again, my deep appreciation for your changing your schedule. Do hope I will see you in the near future.

With kindest personal regards,

Sincerely,

George

Mr. Pierre-Paul Schweitzer
Managing Director
International Monetary Fund
Washington, D. C.

November 6, 1963

Dear George:

You were kind enough to ask me to come and talk at one of the meetings of the New York Chamber of Commerce in January or February of next year. Since coming to the Fund, I have found myself far from lacking opportunities to express my views in public but I accept your judgment that it would be good for me to do so before the New York Chamber of Commerce and I accept your invitation with much pleasure. I would suggest Monday, 10th February, as a possible date. Perhaps you would let me know if this is convenient.

With best wishes,

Yours sincerely,

Pierre-Paul Schweitzer

Mr. George Champion, President
New York Chamber of Commerce
65 Liberty Street
New York 5, N.Y.

cc Mr. Southard

2nd Mon. Feb.
Toronto - April 20th

FOUNDED APRIL 5, 1768

NEW YORK CHAMBER OF COMMERCE

SIXTY-FIVE LIBERTY STREET
NEW YORK 5, N.Y.
REctor 2-1123

October 3, 1963

Dear Pierre-Paul:

The statesmanlike address which you gave was extremely well-received and, as I would expect, filled with sound and constructive philosophies. At this time when there is more professorial sleight of hand emerging as a solution for all monetary problems, it is doubly important to us all to have you in this key spot.

The New York Chamber of Commerce is the oldest Chamber of Commerce in the United States. Our meetings are held on either the first or second Monday or Tuesday of each month, here in the Chamber of Commerce building, which is only a block from my office. We convene promptly at twelve noon and after a fifteen or twenty-minute business session, the guest speaker delivers his talk.

Last year our speakers were, as follows: H. Ladd Plumley, Chairman of the Board, Worcester Mutual Fire Insurance Co.; Roger M. Blough, Chairman of the Board, United States Steel Corporation; General Lucius D. Clay; Thomas B. Curtis, Congressman (Missouri); Henry J. Taylor (Journalist, economist, author); Frederick R. Kappel, Chairman, American Telephone and Telegraph Company; Henry T. Heald, President, the Ford Foundation; Douglas Dillon, the Secretary of the Treasury, and George A. Smathers, Senator (Florida). At our opening meeting this fall we will have Dr. Mark Hiebert, Chairman, Sterling Drug Company, as the guest speaker, and so far we have Eugene Black, John J. McCloy and Henry R. Luce of TIME Magazine, scheduled to talk during the year. It occurred to me that perhaps January or February, 1964, might be a very proper time for you to express your views before this group.

Our meetings are usually attended by about 350 people and for the most part they are leaders in the banking and business world, here in New York City. Following the talk there is a small luncheon - with 40 or 50 guests, including members of the Executive Committee - which affords the opportunity of an informal general discussion with the Guest speaker.

Each speech is printed in our Monthly Bulletin and we have a mailing list of over 10,000 which includes all the Chambers of Commerce in the United States. So, you can see, the speaker does get a very wide coverage.

To my mind it is highly important that your views on international financial relationships be broadly circulated throughout this country and this would be an excellent platform for you. I sincerely hope you can fit this into what I know is a very busy schedule.

Best wishes and kindest personal regards,

Sincerely,

Jmy

Mr. Pierre-Paul Schweitzer
International Monetary Fund
Washington, D. C.