

TO:

Marion

I shall call  
you after lunch  
on this.

Sam

Office of the Under Secretary

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Federal Reserve Bank of St. Louis

Confidential

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Rio de Janeiro, Brazil

DATE: January 14, 1942, 9 p.m.

NO.: 9, Section One

This message is in strict confidence from Mr. White for the Secretary of the Treasury.

The wish was expressed by Mr. Welles to present a resolution, similar to the attached draft, on International stabilization, if you and anyone else you feel necessary approve the presentation of the resolution.

It is my suggestion that if you desire the presentation of the draft at this Conference you have Berle and perhaps Eccles approve it. Since there is some importance attached to this matter and the eventual calling of a conference of associated and united nations is implied, you may even want the draft or merely the idea approved by the President before you recommend it to be submitted here. The statement was made by Mr. Welles that the idea of a stabilization fund for the period after the war has in general been approved by the President, but Welles did not indicate that the specific proposal was ~~known~~ known to the President.

The pertinent rules of the conference require unfortunately that resolutions must be submitted by

noon

noon on January 16 (Friday). Since it was first necessary for me to discuss the idea in general terms with some of the financial representatives of the other American republics in order to ascertain the prospects of favorable reception at the present Conference I have not been able to send you this message sooner. For rather obvious reasons the general idea was enthusiastically received by those with whom I have discussed the matter.

In view of the fact that the resolution only calls for participation in a conference which would be called to consider the establishment of a fund and in view of the very general terms in which the resolution is stated, the clearance of the phraseology of the draft should not take very long. It is of course possible that the President may consider some other time more appropriate for the initiation of the idea. That question has been discussed with Mr. Welles and he decided that it would be all right for the United States Government to submit it here if you approve the resolution. It is possible that you will feel that there is not time to clear the matter in a way which would be satisfactory to you. If this is the case it is probably better that some other time be selected to advance a proposal for the establishment of a stabilization fund. In the opinion of Mr. Welles the submission of the resolution here would be very helpful but postponement is to be preferred to difficulties. A reply before Friday noon would be appreciated whatever your decision may be.

WELLES

TRB

GRAY

Rio de Janeiro

Dated January 14, 1942

Rec'd 10:35 p.m.

Secretary of State,  
Washington.

TRIPLE PRIORITY.

9, January 14, 9 p.m., (SECTION TWO).

"Resolution on the stabilization fund of the united and associated nations. Whereas, one. In the attainment of the <sup>post-war</sup> economic objectives of the Atlantic Charter the more effective mobilization of foreign exchange resources <sup>is</sup> of indisputable importance and such mobilization should be of assistance in the war of freedom and liberation which the united nations are conducting and for the defense of other free and sovereign nations associated with them; and

Two. The united nations and other nations associated with them can cooperate in creating an organization to promote stability in foreign exchange rates, encourage the international movement of productive capital, facilitate the reduction of artificial barriers to the free movement of goods, (help correct the maldisposition of gold,) strengthen monetary systems and facilitate the settlement

the settlement of public and private international debts;

The third meeting of consultation of the Ministers of Foreign Affairs of the American Republics resolves:

One. To recommend that the Governments of the American Republics participate with the Governments of the united nations in a special Conference of <sup>Government</sup> Ministers of Finance or their representatives, to be called for the purpose of considering the establishment of a stabilization fund <sup>or funds</sup> of the united and associated nations;

Two. To recommend that participation in the conference shall be open to all nations that subscribe to the objectives of the Atlantic Charter;

Three. To recommend that the conference, in considering the establishment of such a fund, shall formulate the plan of organization, powers and resources necessary to the proper functioning of the fund, shall determine the conditions requisite to participation in the fund, and shall propose principles to guide the fund in its operation;

Four. To recommend that among (the following)  
conditions

-3- #9, January 14, 9 p.m., (SECTION TWO), from  
Rio de Janeiro.

conditions requisite to participation in the fund there  
be included in the deliberations of the conference  
the following: cooperation in adopting harmonious  
policies looking toward the gradual adoption of free  
foreign exchanges with reasonable stability in  
foreign exchange rates, the removal of arbitrary and  
discriminatory restrictions on international trans-  
actions, and the maintenance of monetary policies  
that avoid serious inflation or deflation."

(END OF MESSAGE).

WELLES

HTM