

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

SECRET

Office Correspondence

Date June 12, 1947

To Chairman Eccles

Subject: National Advisory Council

From Mr. Dembitz

meeting to be held this afternoon

END

Mr. Knapp's memorandum of June 10 commented on the final paragraph of the N.A.C. Semiannual Report which is to be considered by the Council this afternoon. Mr. Ness has now telephoned to give us the following alternative language which Mr. Clayton will propose as a substitute for that paragraph:

As of March 31, 1947, practically all U. S. governmental resources authorized for foreign financial assistance, excluding United States participation in the International Monetary Fund and the International Bank, had been committed to foreign countries. It has during the period under review become increasingly clear that such resources as remain available will not, by reason either of their amount or of the nature of developing needs abroad, prove adequate for the accomplishment of the purposes for which foreign financial assistance has been provided. ~~However~~, the question of the extent to which this country will need to provide additional assistance to foreign countries cannot be readily answered. The agencies ^{reporting} of the National Advisory Council are giving continuing consideration to this matter.

I should like to make the following comments regarding this new language:

(1) The second sentence -- "It has ... become increasingly clear that such resources as remain available will not ... prove adequate for the accomplishment of the purposes for which foreign financial assistance has been provided." -- seems to be a stronger statement than appeared in the preceding drafts.

(2) The last sentence states that the "agencies of the Council" are considering future needs, which implies a State Department view differing from your earlier view that the Council itself is responsible for developing foreign lending policy. It is expected that Mr. Clayton will explain his and General Marshall's views on this subject this afternoon.