

SUGGESTED PROCEDURE FOR INTERNATIONAL CONSULTATION ON A
STABILIZATION FUND AND A BANK FOR THE UNITED AND ASSOCIATED
NATIONS

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At the meeting called by the Secretary of the Treasury in May and at two meetings thereafter of an interdepartmental committee, the objective of canvassing through international discussions the possibility of establishing an international stabilization fund and bank for the United and Associated Nations was approved. The next question of policy relates to the best procedure to be followed in obtaining international consideration of this proposal and to the proper time for initiating international discussion.

The State Department participants in the meetings seemed to feel that no formal international conference to establish either the stabilization fund or the bank should be convened until the main elements in the post-war settlement are determined upon, and that preliminary conversations should be confined to a few major powers. The others, however, were of the opinion that international institutions fulfilling the functions of those proposed should be set up and in operation before the armistice is signed and that, therefore, preliminary international discussions inquiring into the feasibility of their establishment should be initiated at once, with the participation of all friendly powers.

1. It is therefore proposed that the Finance Ministers of all friendly countries be invited to send technical experts to an informal meeting in Washington, which would consider any proposals for the establishment of an international stabilization fund and a world bank and would discuss the desirability of preparing an agenda for a possible international conference. This procedure can be expected to obtain three results:

(a) The meeting would consider the feasibility of convening an international conference on the stabilization fund and a world bank and, if such conference were found to be feasible, the meeting could provide both the agenda and the technical documents which would form the basis for the discussions at such a conference.

(b) Should the meeting reveal differences of opinion too basic to be bridged, the experts could adjourn for continued study in their respective countries and the convening of the international conference could be postponed indefinitely.

(c) The meeting of experts would provide an invaluable exchange of views at the technical level and a clear indication of the degree of agreement existing among the technical advisers of the various governments and hence would give important guidance to our own plans for the post-war period in the field of international financial and monetary problems.

2. At the time of inviting the Finance Ministers of all friendly countries to send technical experts to the meeting proposed above, a tentative agenda of the meeting should be forwarded to each country, accompanied by a series of brief technical memoranda designed to provide a background of economic reasoning for each subject listed on the agenda. These memoranda could be prepared at once by the group of experts already assembled within this Government and by others to whom that group has access. At the same time, similar memoranda could be solicited from the various participating countries for distribution at the meeting of technical advisers.

3. State Department representatives at the interdepartmental meetings pointed out the political and diplomatic risks of calling a full-dress international conference on a Stabilization Fund and World Bank at this time - that is, should the conference fail of its objective the international repercussions would be of an undesirable sort. It was to avoid this risk that it is proposed, as described above to convene an informal meeting of technical experts representing

the Finance Ministers of all friendly countries. There could be no adverse international repercussions should such a meeting of technical experts fail to recommend the convening of a formal international conference.

4. It has been urged by the State Department representatives that preliminary conversations should be held with two or three major powers. The representatives of the other agencies, however, felt that this procedure, while having some advantages, is an unwise one for several reasons: (a) an adverse reaction from even one of the powers so consulted might cause abandonment of the project even though there would be reason to anticipate a very favorable reaction from the majority of countries; (b) the countries excluded from such preliminary conversations could be expected to be suspicious of any prearranged plan; (c) the American Republics have already expressed their desire to participate in the planning of an international stabilization fund.