

*Confidential*

Treasury Department  
Division of Monetary Research

Date March 27, 1949

To: Governor Szymczak

From: Mr. White

*TO Chairman  
Wales*  
*over MS*

Treasury Chambers,  
Whitehall, S.W.

March 16, 1944

Dr. Harry White,  
State Department,  
Washington, U.S.A.

My dear White,

I have just received through Casaday a message from you about the importance of arriving at an agreed, joint text with as little further delay as possible, and we have also had a report from Opie, who has very lately arrived. For reasons which will appear in this letter we are still, most unfortunately, not in a position to send you an official reply, and it has, therefore, seemed right that I should let you have this personal, unofficial letter to tell you how matters stand and what the explanation of the delay really is.

The experts on this side dealt with the outstanding questions as quickly as they could, and we were exceedingly appreciative of the way in which our suggestions were met at your end. The result of this was that you and Opie were able to arrive at a text, which was complete in respect of the discussions up to that point, except the question of the Unitas version. Personally, I think it most unlikely that we shall make Unitas a condition of acceptance, but we are not yet in a position to tell you so officially.

Meanwhile the representatives of the Dominions and India have arrived, and we have been discussing with them the draft reached by you and Opie. They have some interesting observations to make on these, which I hope we shall be transmitting to you shortly. Most of them are not much more than improvements in drafting, and, so far, no point of principle has been raised which is, in my opinion, likely to cause you difficulty. The most important proposal relates to the statement of quotas. Naturally the Dominions are not much inclined to leave this in a vague condition, and it has been widely felt - a view that we also have shared - that the smaller countries do not come off as well as one could wish.

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As I say, I hope that we shall soon be telegraphing to you the suggestions of the Dominions. This will have the great advantage of having got over quite a considerable number of extra hurdles. We should, of course, like to have those suggestions, so far as you agree with them, embodied in the joint statement. In this case, there may not have been as serious a loss of time, in the final result, as appears on the surface. We should then be in a position to present Ministers with a final revised text, embodying, as I hope, the further suggestions emerging from these talks.

Assuming that all this goes according to programme - and you will appreciate that this is no more than a personal letter from me to put you wise as to what is going on behind the scenes - I do not anticipate that any objection will be felt to the course of procedure which you indicated to Opie some two or three weeks ago. If and when, that is to say, Ministers have agreed in principle to the early publication of the currency proposals, I should not expect that there would be any objection to the general line of procedure you indicate, namely, that you should be free to communicate the agreed draft forthwith to Brazil, Mexico and Cuba, and we to Holland, Belgium, Poland and Greece, and that, after about a fortnight, copies should go out to all the United Nations and be published on an agreed date, not much later. We may perhaps wish in our White Paper to precede the agreed text with some explanatory statement of our own.

No-one could agree more than I do with the point you make in the message you sent through Casaday that the inability to answer enquiries is an increasing handicap and that the effectiveness of a joint statement will be enhanced by prompt publication. On this side the Chancellor of the Exchequer is being constantly pestered by Members of Parliament with questions as to when they can hear more. There is obviously a good deal of restiveness, which can be largely explained, I think, by the lack of news. It is obvious that the proposals are most likely to be attacked on this side on the ground that, however we dress them up, they are no better than a revised gold standard, and they will be charged with submitting this country to the same yoke, from which it had escaped with so much difficulty but with so much ultimate relief in 1931. I hope that we have now got this part of the proposals in a form in which they can be adequately defended from this charge. But it is there, I am convinced, that the attack is likely to come.

Ever yours sincerely,

Keynes

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, London  
TO: Secretary of State, Washington  
DATED: March 23, 1944  
NUMBER: 2372

S E C R E T

You are informed that Opie is leaving immediately for Washington. The points raised in the Department's cable of March 8, no. 1744, will be discussed by him with Dr. White. The following remarks which are from Casaday for the Secretary of the Treasury were made in a personal conversation yesterday by Opie:

1. With regard to the first point in your 1744, concerning a decision on the question of alternative versions, it was stated by Opie that the British had not promised to give a decision within two weeks but had said that it would be impossible to give a decision in less than two weeks. In the letter from Keynes to White forwarded last week, the reasons for the delay are indicated and will be further explained by Opie. It is thought unofficially that the decision will be made soon and that from the United States point of view it will be favorable.

2. It is believed by Opie that the second point about the wording of the preamble is a minor one and without difficulty can be cleared up. According to his statement, it is merely a question of whether the British

or American idiom is preferable.

3. With reference to the third point in your 1744, Opie agrees that if possible a more definite formula should be arrived at before submitting the joint statement to a drafting committee. However, when he returns to Washington he will not be prepared to offer at once a definite, officially approved formula partly because, owing to the illness of certain key individuals and for other reasons, he had not had time for exhaustive discussions with British Treasury officials. He will be able to offer certain suggestions, some of which emerged from the recent discussions with India and the Dominions. Within a relatively short time after Opie reaches Washington, he expects to receive from Keynes something approaching a definite formula. Assuming that a formula covering initial gold contributions could be agreed upon, he intimated that the British probably would prefer to devise a different and less complicated rule covering the subsequent use of gold. But he added that he believed the United States experts would prefer to devise one formula which would cover both the initial gold contribution and the subsequent use of gold. The inference was that the British would probably yield if the United States experts insisted on a single formula.