At Mr. Szymczak's suggestion, Mr. Gardner discussed the following points which were of particular interest to the Federal Reserve System and on which decisions had not yet been reached:

1. The need for a Federal Reserve voice in the management of the fund;

2. The contribution of the United States to the fund;

3. Whether as a means of discouraging long-term use of the fund there should be an interest charge on credits running for less than a year with progressively higher rates beyond one year and perhaps also on larger amounts, it being suggested that credits for longer than a year should be only with the express approval of the fund; and

4. The power that the Reserve System should have to offset excess reserves resulting from the operations of the fund, including the power to require that official balances in this country be deposited in the Federal Reserve Banks.

It was recognized that some of these points were matters that would not come up at the international conference, but it was felt that decisions should be made with respect to them for the guidance of the System's representatives at the conference.

A clear-cut consensus was not expressed on all of these questions. However, it was suggested that it would be helpful to the Federal Reserve System if it were understood that it would have a voice in the selection of the American director of the fund and if he could be required to make reports to, and confer with, the Chairman of the Board of Governors in addition to the Secretary of the Treasury and the Secretary of State.

On the second point, Mr. Gardner stated that there was evidence that the Treasury contemplated that the funds for the American contribution would be raised in some "costless" manner which had not yet been worked out. There was agreement that a suggestion that had been made at one time that the gold contribution to the fund might also be counted as part of the legal monetary reserves of a member country should not be approved, and that the contribution of this country should consist of gold in the stabilization fund and funds provided through budgetary procedure.

While there was a difference of opinion as to whether an interest charge would be appropriate on resources of the fund used by a member country, there was general agreement that it would be desirable to have a charge which would discourage the use of the fund as a means of obtaining long-term credits or credits for other than currency stabilization.

On the fourth point, there was agreement that a more specific statement should be included in the draft of the plan which (1) would require a country to prevent speculative movements of funds even though financed by gold movements, (2) would state that it would not be contrary to the fund program to adopt legislation that would discourage capital from entering a member country, and (3) could require that foreign balances be held in the central bank of the member country. There was a difference of opinion whether the Board should tie its position on the fund to a request for additional authority to offset the effect of the operations of the fund on the credit situation in this country or whether this problem should be dealt with later.