

STATEMENT OF MR. LUXFORD

Excerpt from Pages 221 and 222 of Hearings before  
the Senate Committee on Banking and Currency  
(79th Congress) on the Bretton Woods Agreements  
Act (H.R. 3314)

Senator TAFT. These notes are authorized on page 9 of the bill.

"For the purpose of keeping to a minimum the cost to the United States of participation in the fund and the bank, the Secretary of the Treasury \* \* \* is authorized and directed to issue special notes of the United States from time to time at par and to deliver such notes to the fund and the bank in exchange for dollars to the extent permitted by the respective articles of agreement. The special notes provided for in this subsection shall be issued under the authority and subject to the provisions of the Second Liberty Bond Act, as amended--"

and so forth. Is that authority in addition to the right to issue \$4,125,000,000, at the top of page 9?

Mr. WHITE. Perhaps Mr. Luxford can answer that.

STATEMENT OF ANSEL F. LUXFORD, ASSISTANT TO THE SECRETARY, TREASURY DEPARTMENT, WASHINGTON, D. C.

Mr. LUXFORD. The way that works is that our obligation under the fund agreement is to pay the total amount into the fund on the day that the fund demands it. That is, when we accept membership, when the fund gets ready for operations, our obligation is to pay 600 million in gold plus the balance in a dollar deposit at the New York Federal Reserve Bank or whatever Federal Reserve bank you want to select, and to pay the whole thing in cash on the line.

Then the United States has the privilege under this section 5 which you have referred to of article III, of saying, "You have no need for that amount of currency at this time so we are going to substitute demand notes, non-interest-bearing notes, for such portion of this dollar deposit as is not necessary for your current operations." You have already paid down the cash authorized under section 8 (b) of the bill. Then under section 8 (c) you have authority to get the cash back and pay in lieu of it, demand notes until such time as the fund needs further dollars, at which point they would hand us some of the notes and say, "Give us back dollars," and we in turn would go back and use our authority under section 8 (b) of the bill. But the limit specified of \$4,125,000,000 is the ceiling.

Senator TAFT. That is the ceiling which includes (c)?

Mr. LUXFORD. That is right. \* \* \* \*