

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date December 3, 1945

To Chairman Eccles

Subject: _____

From Mr. Knapp

JKR

In order to clarify the question which you have raised, I would suggest redrafting the last sentence of 5(iii) in the British credit agreement as follows:

"For the purposes of calculating the proportionate reduction of the releases, payments, or other uses of sterling balances, it shall be assumed that in the absence of such a reduction these would have aggregated the same amount as in the most recent year in which waiver of interest was not requested."

I think you will find that State and Treasury Departments will say that this is the correct meaning of the sentence in the present draft and they may object to attempting revision of language which has already been sent to London.