

December 1, 1944

BOARD PROGRAM ON BRETTON WOODS

1. Board statement

The Board will publish a brief statement supporting the Bretton Woods agreements and indicating the special interest of the Federal Reserve System.

2. Federal Reserve Bank activities

The Board will raise with the Federal Reserve Banks, other than New York, the question of what they can do to inform their banking community with regard to the Bretton Woods plans, and offer to send people from the Board to meet with their officers, directors, and key member bankers if that would help.

3. Enabling legislation

The Board desires to have three provisions embodied in the enabling legislation.

Three-agency committee: The legislation should establish a committee composed of the heads (or their alternates) of the State Department, the Treasury Department, and the Board of Governors of the Federal Reserve System. It should be specified in the legislation that the United States Governors and Directors on the Fund and Bank must keep the committee fully informed of developments in the two institutions and that they must consult the committee on all major policy questions in connection with the Fund and Bank. The United States Governors and Directors should be required to meet with the committee at least once a month and make a report.

Form of United States subscription to Fund: A portion of the 2,750 million dollar United States subscription to the Fund may take the form of securities as provided in Art. III, Sec. 5 of the Fund Agreement. The legislation should provide that any portion of the U.S. subscription which is not in that form should be provided so far as possible from the 2 billion dollars now in the U.S. Stabilization Fund and that the remainder should come out of the regular revenues of the Government.

Under present legislation the U.S. Stabilization Fund expires June 30, 1945. Its life should be extended only until the United States subscription to the International Monetary Fund becomes due, or until June 30, 1947, if the Fund agreement is not adopted by this Government before that date. Upon expiration of the U.S. Stabilization Fund any of its net resources which have not already been employed in subscribing to the International Monetary Fund should be earmarked for that purpose.

Federal Reserve control of official foreign balances here: The enabling legislation should give the Board of Governors of the Federal Reserve System power to require the dollar balances of foreign central banks and governments to be held on deposit with the Federal Reserve Banks.

Or, alternatively, the legislation should give the Board power to require these official balances to be held on deposit with the Federal Reserve or member banks and to require that the member banks hold 100 per cent reserves against such deposits.

4. Procedure on Board's proposals

The Chairman will invite Dean Acheson and his financial advisor, Mr. Collado, to lunch with a few Board people for the purpose of discussing the Board's proposals on the enabling legislation. This discussion may lead to some modification of our ideas. The proposals will then be sent to the Presidents of the twelve Federal Reserve Banks for discussion at the December 12 meeting. Finally a memorandum embodying the proposals will be sent to the Treasury.

W. R. G.