

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

# Office Correspondence

Date July 9, 1946.

To Chairman Eccles

Subject: Today's National Advisory

From Mr. Knapp

Council meeting.

Attached is a copy of the agenda for this afternoon's National Advisory Council meeting which was attended by Governor Szymczak and myself. The business was again transacted with dispatch and the meeting lasted only about an hour.

Item 1, Further Discussion on Export-Import Bank Legislation. It was agreed that no further discussion of this point would be useful until the British loan was out of the way, and it was put over until next week's meeting.

Item 2, Settlement of 1942 Chinese Credit. The Council approved the alternative recommendation put forward by the Staff Committee providing for the inclusion of the 500 million dollar financial aid to China in the overall war settlement negotiations. The Commerce Department withdrew the objection to this procedure which it had made in the Staff Committee.

There was also some discussion of whether the negotiating agencies on the war settlements (i.e. State and Treasury Departments) should consult with the National Advisory Council concerning the terms of the settlement, and it was specifically agreed and stated by Secretary Snyder that there would be such consultation. With respect to the 500 million dollar financial aid to China in particular, Harry White suggested that after the settlement had been reached the Secretary of the Treasury should prepare a report to Congress on the subject. Mr. Snyder agreed with this suggestion.

Item 3, Philippine Budgetary Problem. Harold Glasser reported the progress which the Staff Committee had made in its study of this problem and pointed out that we were still awaiting confirmation from the Philippines of the figures on the Philippine budgetary situation which had been developed by our experts here. In view of this it was agreed that the Council should postpone consideration of the question but that a special meeting might be called later in the week if new data became available from the Philippines and indicated the need for further consideration of the loan.

Mr. Snyder stated that he had talked to Judge Vinson about the latter's conversations with President Roxas and Mr. McNutt and that Judge Vinson had disclaimed having made any commitments whatsoever.

Item 4, Sale of Domestic Surplus Property to the Philippines. The recommendation of the Staff Committee was accepted, namely that the War Assets Administration should be authorized to proceed with the 10 million dollar credit to the Philippines on the terms approved by the Council for such credits at the last meeting.

Item 5, Oral Report on International Monetary Fund (Report by Mr. White). Harry White did not give a very long or illuminating report but he promised to consult fully with the Council in the near future concerning policy problems which were beginning to take form in the administration of the Fund. His report today was mainly on organizational matters, but he did request that the Council consider immediately one matter which is of great importance to the Fund, namely whether the Treasury Department might waive its usual 1/4 per cent commission in the case of transactions in gold between the United States and the Fund. Mr. White suggested that this was a matter of special interest to Treasury and Federal Reserve, and Mr. Snyder asked the Treasury and Federal Reserve staff people to prepare a memorandum on the subject for consideration by the Council. Actually, I think this memorandum will (and should) be prepared by the full Staff Committee.

Mr. White reported that it had been the general expectation that the Fund would commence operations around the first of next year but that he was hopeful of expediting this somewhat. He said that good progress was being made in drafting the rules of procedure of the Fund for submission to the Board of Governors at their September meeting. He said that these rules involved a number of important policy problems and that he would shortly submit to the Council requests for policy guidance on a number of the matters involved.

The question was raised by both Harry White and Pete Collado as to whether the United States would support Siam's application for membership in the Fund and Bank. George Luthringer reported that the State Department was working on this question and had encountered difficulties because of violent French opposition to Siam's candidacy. (There is at present a serious border dispute between Siam and French Indo-China.) Luthringer promised to report on this matter as soon as a decision could be reached in the State Department.

Attachment  
JBK:mla

National Advisory Council

AGENDA

Tuesday, July 9, 1946

1. Further discussion on Export-Import Bank legislation.
2. Settlement of 1942 Chinese credit.  
(NAC Staff Document 87; NAC Document 161)
3. Philippine Budgetary Problem  
(NAC Documents 140 (revised); 157; 158; 159; NAC Staff Document 91)
4. Sale of domestic surplus property to the Philippines  
(NAC Documents 145; 160)
5. Oral report on International Monetary Fund (Report by Mr. White)