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National Advisory Council
Document No. 233 (Revised)

Attachment

Proposed Letter from Secretary Snyder to Chancellor Dalton

Dear Mr. Dalton:

In reviewing the agreement signed by representatives of the Governments of the United Kingdom and Argentina on September 17, 1946, I have noted with surprise that Section B(6) provides as follows:

"If in any year the balance of payments with the sterling area be unfavorable to Argentina, Argentina may furthermore dispose freely within the said area of its sterling balances for an amount equivalent to the deficit."

This provision is contrary to Article 10 (ii) of the United States-United Kingdom Financial Agreement of December 6, 1945, which provides as follows:

"(ii) In consideration of the fact that an important purpose of the present line of credit is to promote the development of multilateral trade and facilitate its early resumption on a non-discriminatory basis, the Government of the United Kingdom agrees that any sterling balances released or otherwise available for current payments will, not later than one year after the effective date of this Agreement, unless in special cases a later date is agreed upon after consultation, be freely available for current transactions in any currency area without discrimination."

Article 10 (ii) was considered by both of our governments to be a very significant provision, and it was only after considerable discussion that agreement was reached as to its formulation. There can be no doubt from an examination of memoranda, the discussions before your Parliament and our Congress, and other documentation relative to the Agreement that the precise meaning of this Article and the importance attached to it by the United States were fully appreciated by your government. In the light of these facts, I am at a loss to understand how the Government of the United Kingdom could have signed a subsequent agreement containing such a clearly inconsistent provision.

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While I have not completed my consideration of the other provisions of the agreement in question, the importance of this particular provision makes it necessary for me to request a prompt reply to this letter, informing me of the action you propose to take with respect to this matter.

Yours very truly,

Secretary of the Treasury.

Right Honorable Hugh Dalton,
Chancellor of the Exchequer,
Treasury Chambers,
London,
England.

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