

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date March 17, 1947

To Chairman Eccles

Subject: National Advisory Council

From Mr. Knapp

meeting of March 18.

Up to now, nothing very important has been placed upon the agenda for the National Advisory Council meeting tomorrow. The following items are listed:

(1) Iranian request for increased quota in the Fund. At Bretton Woods, Iran was assigned a quota of 25 million dollars in the Fund and 24 million dollars in the Bank. The Iranian representative protested at the time and, like France and India, accepted the result only with specific reservations. At the Governors' Conference in September, Iran raised the question of an increase in its Fund quota, but the matter was referred to the Executive Directors for study and report. The U.S. Executive Director is now requesting guidance on this matter from the Council.

Studies by the research staff of the Fund and by the Staff Committee indicate that the Iranians may have a reasonable claim to a slightly higher Fund quota. The Staff Committee therefore recommends (as it did in the case of the French quota last Fall) that the Council approve having the Executive Directors in the Fund consider the Iranian case "on its merits", providing that if any increase is made in Iran's quota in the Fund a proportionate increase should be made in Iran's subscription to the Bank.

(2) Request of Holland-Colombo Trading Society, Inc. for W.A.A. credit. This corporation is seeking a 1 million dollar credit with the guarantee of the Dutch Government, and the Staff Committee proposes to handle the matter simply by having the secretary report orally to the Council to ascertain whether any member has any objection. I do not believe any objection should be made.

(3) Terms for Netherlands lend-lease and surplus property credit. This subject is back on the agenda after the inconclusive discussion last week in which Mr. Thorp, Mr. Harriman and yourself appeared to favor the Staff Committee's recommendation that the Netherlands' agreement (like the French agreement) include provision for the postponement of instalments by mutual agreement, whereas Mr. Snyder and Mr. Martin appeared to oppose this action. I continue to believe that the Staff Committee's recommendation should be adopted (a) because it is better to have a provision for agreed postponement than to risk an unnecessary open default, and (b) because it is difficult to withhold from the Netherlands the terms already granted in the French War Settlement and already assured even to the Netherlands on its lend-lease settlement.