

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date May 28, 1947

To Chairman Eccles

Subject: Post-UNRRA Relief Assistance

From Mr. Knapp *pk*

As you know, Congress has now approved the 350 million dollar appropriation for post-UNRRA relief assistance.

In my memorandum to you dated February 18, 1947, I expressed the belief that Congress would be very interested in the question of how foreign countries disposed of the local currency proceeds derived from the sale of relief goods, and suggested that the relief bill might be helped by a provision requiring that "the local funds be placed in a trust account for disposition by agreement with the United States". The State Department did not want to follow this suggestion, but it has been written into the bill by the Congress. Section 6 of the bill provides that local currency proceeds from the sale of relief goods should be deposited in a special account to be used until June 30, 1948 only upon the approval of the U.S. relief administrator "for relief and work relief purposes, including local currency expenses of the United States incident to the furnishing of relief". Any unencumbered balance in such account on June 30, 1948 is to be disposed of within the country concerned "for such purposes as the United States Government, pursuant to Act or joint resolution of the Congress, may determine".