

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date July 10, 1947

To Chairman Eccles and Governor Szymczak

Subject: _____

From Mr. Knapp

Reference is made to the memorandum concerning intra-European financial arrangements which I recently sent to the State Department (copy was attached to my memorandum to you dated July 7).

Today's New York Times carries a story from Geneva, the full text of which is given below, indicating that the Netherlands, Belgium, and Luxembourg, are planning to propose a European clearing system to implement the Marshall plan. From the newspaper account it would appear that their proposal corresponds closely to the ideas put forward in our memorandum.

"Geneva, July 9--A proposal for establishing a clearing house for Europe in which net trade balances of European countries would be settled in dollars furnished by the United States will be proposed at Paris talks, it was reliably reported here today.

"The Netherlands, Belgium and Luxembourg, it is understood, are authors of the plan and are expected to suggest it as an addition to Anglo-French plans for implementing the Marshall plan for economic aid to Europe.

"According to reports among delegates here advocates of the clearing house suggestion hold it should speed revival of European trade and thereby shorten the period in which economic aid to the Continent would be necessary. They argue that lack of hard currencies with which to meet net balances has been distorting commerce among European nations and encouraging the steady growth of bilateral agreements under which nations have endeavored to balance imports with exports to particular nations. It also has been a factor in directing necessary imports away from nations lacking in hard currency and toward those which have such funds.

"The subject is understood to have been brought to the attention of William L. Clayton, Under Secretary of State for Economic Affairs, who is now in Paris reportedly conferring with British and French trade experts."