

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

## Office Correspondence

Date May 20, 1937To Chairman Eccles

Subject: \_\_\_\_\_

From Mr. Gardner *W.R.G.*

In my memorandum of May 18 on the gold problem I suggested that a situation might be developing in which central banks would prefer dollars to gold. An interesting bit of evidence along these lines has just come to light. The central bank of Costa Rica recently established a correspondent account with the New York Bank and shipped gold to be earmarked for its account in New York. On May 11, however, it wrote the New York Bank that it was afraid to hold the gold under present conditions and would like to have the entire amount immediately converted into a dollar balance. The present viewpoint of the bank is expressed in the following sentence:

"We regret deeply the trouble that we have caused you and our sudden change of plans, but you must realize that in view of the uncertainty existing in regard to gold prices the world over it is much safer for us at present to have all the resources of our "Fondo de Regulacion de Cambios" (Exchange Stabilization Fund) in dollars rather than in bullion."