

**FEDERAL RESERVE BANK
OF DALLAS**

Dallas, Texas, July 31, 1947.

INTERNATIONAL DEALINGS IN GOLD

**To All Banking Institutions
in the Eleventh Federal Reserve District:**

There is printed below for your information a statement issued jointly by the Secretary of the Treasury and the Board of Governors of the Federal Reserve System on July 18, 1947:

It is well known that active speculative markets in gold exist in various foreign countries. For the most part, these markets are illegal, though in a few instances importation or sale of gold is legal or is tolerated. Under present circumstances gold is traded in many foreign centers, often against U. S. dollars, at prices above monetary parities. The premiums differ from one center to another, so that speculators can make large profits by purchasing gold in one foreign market and selling it in another.

The International Monetary Fund recently issued a statement deprecating international dealings in gold at premium prices, and requesting member countries to take such action as they can within their jurisdictions to prevent such dealings. The Fund emphasized that these transactions tend to undermine exchange stability and cause gold to flow into private hoards rather than into monetary reserves. Furthermore, in countries where the gold is sold, payment is often made with dollars illegally acquired or held. Moreover, foreign exchange which otherwise could be used for sorely needed imports is diverted to the purchase of gold for private hoards.

In view of these circumstances, and on general grounds of the national policy, the Treasury Department and the Board of Governors of the Federal Reserve System request American individuals, banks and business enterprises to refrain from encouraging and facilitating this traffic and in particular to refrain from extending the use of their facilities and funds for the carrying out of such transactions.

Yours very truly,


President