

FEDERAL RESERVE BANK  
OF NEW YORK

NEW YORK 45, N.Y.

July 14, 1950.

Mr. William McC. Martin, Assistant Secretary,  
Office of International Finance,  
Treasury Department,  
Washington 25, D. C.

Dear Bill:

I understand that there has been some discussion of the use of British balances in this market (mostly with us) and particularly with reference to the possibility of purchasing gold with some of their dollars or investing them in short term U. S. Government securities. I can understand why this might have been frowned upon while the new E.C.A. appropriation was under discussion, but as soon as this is out of the way I should think it would be desirable for the British to have free use of their dollar balances here, for these purposes as well as others. It seems to me that such freedom is the only policy which is consistent with their making the best use of their reserves (and thus making progress toward viability and ultimate convertibility) and with the future development of this market as an international money market where there are no unnecessary restrictions on the mobility of funds.

I haven't seen you for some time, which is my fault. The next time I am in Washington I shall try to come in.

With best regards,

Yours sincerely,



Allan Sproul,  
President.

*Handwritten note:* A.S. B, K.B.C.