

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

July 13, 1944

Mr. Ganson Purcell, Chairman
Securities & Exchange Commission
18th & Locust Streets
Philadelphia 3, Pa.

Dear Ganson:

The Bank is coming along very nicely. I feel reasonably confident that by the weekend all the knotty issues will have been resolved and the document will be in shape for formal action. The principal points of issue were those on which I have previously sent you memorandums. Although the resolution was not quite in accordance with my own views, there were compromises which are only reasonably satisfactory. I had the hearty support of the Treasury Department throughout, the less hearty endorsement of the State Department while Banker Brown was the spear-head of the opposition. We had several meetings in the apartment of Secretary Morgenthau and all presented our points of view. While progress is being made there is an evident alteration in the emphasis on the proposal with the accent being given to reconstruction rather than development. This is somewhat disappointing to most of us who have worked on the project from the beginning but is apparently as much as can be obtained at this session. Congressman Dewey is enthusiastic about the Bank and has consulted me frequently. Judge Vinson and Eccles are also in my camp but are conditioned by the political implications which they read in their conferences with the Congressional delegates although Senator Wagner, of course, takes a middle course.

I represented the U.S. delegation at the committee meeting on the operations of the Bank yesterday although Mr. Eccles was the delegate at the session. He asked me to take over the discussion and I think we came off successfully. Our main task was to effect the withdrawal of a number of proposed amendments from the U.K., Netherlands, U.S.S.R. and others and without exception we prevailed. Had several friendly bouts with Keynes, who graciously withdrew some of the more material British proposals. In addition to the matter of subscriptions which is not considered nearly as difficult a problem for the Bank as for the Fund, the only matter at issue seems to be the question of what procedure should be adopted in case of defaults on loans guaranteed by the Bank. The British seem to be adamant against the calling up of capital to pay defaulted principal in advance, while Brown is taking a firm contrary position. In this issue again most of the U.S. delegates are inclined to compromise and I think wisely in view of the various kinds and degrees of defaults that we know can occur.

I am sorry to say, however, that the proposed inclusion of equity investments among the functions of the Bank has been lost. I had support from the advisers as I wrote

you previously but on this matter Banker Brown's opposition apparently prevailed on the other delegates and I did not feel that I should press the issue.

Jim Treanor called me yesterday regarding Nick Gregory's article in the Inquirer on the looted securities problem. Nick spoke to me and I helped him with the background of his story. Jim is sending me some material and I believe the subject will come up for discussion in committee tomorrow. The Treasury Department people have not been particularly communicative as to their plans but I have spoken to Senator Wagner, who is our delegate on this matter and shall make sure that he is aware of our interest. We have been working very hard this week commencing right after breakfast and going on past mid-night with no time out for meals which are also devoted to discussions, but the fine mountain air keeps one going. We are to leave here Wednesday night, the final commission meeting on the Fund will take place this afternoon when we shall be able to ascertain how close we are on this. As I anticipated it will be by far the more difficult of acceptance of the two projects, not only here but also in the Congress. If there are any matters which you would like to have me take up that I have not covered I would appreciate a word from you.

With greetings to you, Bob, Sumner and the Judge,

Sincerely,

Walter C. Louchheim, Jr.
Assistant Director