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Proposed Interpretations of the Bretton Woods Agreements

Alice Bourneuf

The Bretton Woods bill, as reported favorably by a vote of 23 to 3 in the House Banking and Currency Committee on May 30 and as passed by the House by a vote of 345 to 18 on June 7, incorporates five amendments to the bill originally referred to the Committee. The amendments are in large measure responsible for the overwhelmingly favorable vote. Although all the amendments are important, this article will discuss only those which relate specifically to the text of the Fund and Bank Agreements and only the probable effects of these amendments on the attitude of foreign countries and on the operations of the proposed agencies.1/

The two amendments which relate to the Bretton Woods Agreements as such are in the form of directives to the American representatives on the Fund and Bank to obtain official interpretations as to certain powers of the Fund and Bank and to propose amendments to the Agreements if the interpretations indicated in the bill are not accepted. It is important to analyze the degree to which the interpretations are consistent with the Agreements reached at Bretton Woods, to forecast probable foreign reactions to them, and to assess their possible effect on the operations of the Fund and Bank. If foreign

1/ Three of the amendments concern the way in which American participation in the Fund and Bank will be implemented. A National Advisory Council is created with power to make certain decisions for the United States and with important advisory and coordinating functions. The Board of Governors of the Federal Reserve System on March 21, 1945, recommended establishment of a Council with similar powers. It is also provided that the same person shall be the American governor on both the Fund and the Bank.

countries were to oppose the interpretations, their willingness to accept the Agreements might be affected. At the very least, serious opposition would be a sign that differences of opinion would arise in the administration of the Fund and Bank. Furthermore, if the interpretations or amendments were not accepted, the continued adherence of the United States might be in doubt. Whatever the foreign reaction to the particular interpretations proposed by the United States, it is almost certain that other countries will follow in our footsteps and include requests for interpretations in their domestic enabling legislation. It is possible, though rather unlikely, that interpretations proposed by foreign nations may be accepted by the Fund or Bank in spite of United States opposition.

The first interpretation suggested by the House Committee refers to the powers of the Bank and will certainly be thoroughly acceptable to foreign countries. This interpretation is that the Bank has authority to make or guarantee loans for "programs of economic reconstruction and the reconstruction of monetary systems, including long-term stabilization loans". The Bank Agreement provides that "in special circumstances" loans made or guaranteed by the Bank need not be for specific projects of reconstruction or development. This phrase was inserted because some delegates at Bretton Woods suggested that the Bank should be able to help a country acquire reserves to strengthen its currency and others suggested that countries devastated by the war might need foreign loans to enable them to restock with materials and equipment in order to resume normal production. There will undoubtedly be no serious objection on the part of foreign countries, therefore, to making it clear that the Bank has power to make such loans.

There is some doubt as to whether long-term stabilization loans should, in fact, be granted by the Bank if the term includes loans which are neither for the financing of programs of economic reconstruction nor for the reconstruction of monetary systems. If a country has a serious deficit and if it appears likely that it will not be able to correct its position in a relatively short period by such measures as control of capital outflows or a change in the exchange rate, it probably needs to secure a long-term loan. But the Bank would be wise in such cases to tie up the long-term loan with certain projects or with some general program designed to help the country to correct its position. If the loan were made without assurance that the country was carrying out a definite program, there would be reason to fear that the borrowing country would be unable to service the loan. Even if the long-term loan granted by the Bank indirectly enabled the country to reduce its indebtedness to the Fund, the loan should carry assurance that the borrower is taking steps to correct its balance of payments situation. If this is the position taken by the Bank, there will probably be few loans made under the interpretation proposed which could not have been made under the authority to finance specific projects for reconstruction or development, broadly interpreted.

The interpretation of the Bank's power suggested by the Committee is intended to reduce the pressure on the Fund for long-term credits. If the Bank makes only a few loans on the authority of the interpretation, there will be little effect on the requests for assistance from the Fund. It is doubtful, in any case, that an express statement that the Bank has power to make long-term stabilization loans could prevent certain of the Fund's advances from running for long periods of time. At the time a country is developing a deficit, it is generally not possible to foresee how quickly corrective measures or a change in economic conditions will restore balance. It is true, however, that the Fund may in certain cases anticipate a long period of difficulty and refuse further assistance on the grounds that the Bank has power to make long-term stabilization loans. But the Fund could suggest the need for long-term credits from the Bank even if this interpretation were not accepted.

The Committee's second interpretation relates to the Fund's powers. Here again the aim is to protect the Fund from becoming frozen through financing long-term credit needs. The official interpretation to be obtained from the Fund is "as to (i) whether its authority to use its resources extends beyond current monetary stabilization operations to afford temporary assistance to members in connection with seasonal, cyclical, and emergency fluctuations in the balance of payments of any member for current transactions, and (ii) whether it has authority to use its resources to provide facilities for relief or reconstruction or to meet a large or sustained outflow of capital on the part of any member". If the interpretation obtained is that the Fund has authority to use its resources in either of these ways, the American representatives are directed to propose an amendment negativing the interpretation.

There is no doubt about obtaining foreign agreement on the absence of Fund authority to provide facilities for relief or reconstruction or to meet a large or sustained outflow of capital. Article XIV, Section 1, and Article VI, Section 1, of the Fund Agreement specifically state in identical language that the Fund's resources are not to be used for these purposes. Although problems arise in the interpretation of the language, repetition of the language does not really constitute an interpretation of the Agreement. If the bill is passed, this "interpretation" may be of some importance, however, as an indication of the emphasis placed on these provisions by Congress. The American representatives may urge stricter enforcement of these provisions than they would have otherwise.

The statement that the Fund is limited to "current monetary stabilization operations to afford temporary assistance to members in connection with seasonal, cyclical, and emergency fluctuations in the balance of payments of any member for current transactions" is not contained in this form in the Fund Agreement.1/ There is little doubt that this interpretation is fundamentally in accordance with the spirit of the Fund Agreement. There are several phrases in the Fund Agreement

1/ The statement seems to imply a close relation between assistance on current transactions and temporary assistance which does not exist, but the question of current versus capital transactions will not be discussed further.

which support the interpretation: (1) the fifth purpose is to make resources available to members, to "provide them with opportunity to correct maladjustments in their balance of payments"; (2) the sixth purpose is "in accordance with the above (purposes), to shorten the duration and lessen the degree of disequilibrium in the international balances of payments of members"; (3) the repurchase provisions require repayment of amounts borrowed from the Fund from any members gaining reserves in excess of their quotas; (4) the scale of charges on amounts borrowed, increasing with the period of time over which they are used, is designed to encourage prompt repayment. The Agreement does not mention "seasonal, cyclical, or emergency fluctuations" in the balance of payments or "temporary assistance". It is clear, however, that at Bretton Woods no one conceived of the Fund as an instrument for permanent or really long-term financing and the terms "cyclical or emergency fluctuations" are so broad that there is little possibility that serious objections will be raised by foreign countries. Foreign countries may be somewhat disturbed, nevertheless, by the emphasis on the temporary character of the assistance.

The question arises whether this interpretation, if accepted by the Fund would alter the operations of that agency significantly. As mentioned above, it is usually impossible to foresee, when a member comes to the Fund for assistance, whether its deficit will be sustained or can be eliminated in short order and how soon the country will be in a position to repay the Fund. Once assistance has been granted, the Fund has very little power to force any more prompt repayment than is required under the repurchase provisions. The Fund can refuse assistance at any time but this will not prevent past credits from becoming long-term.1/ The management of the Fund might possibly be somewhat more insistent on prompt corrective measures if this interpretation were accepted but it seems doubtful that the interpretation itself would have much effect on the administration of the Fund unless it materially altered the attitude of the American representatives, and therefore indirectly the attitude of the entire administration of the Fund. Because of the great interest shown by the House Committee in this interpretation of the Fund's authority, the bill, if passed by both Houses of Congress in its present form, will certainly be given serious consideration by the American representatives and the National Advisory Council. The American representatives will have in mind the fact that Congress believed the Fund should be careful to avoid long-term financing and should provide only temporary assistance. Surely it is only if the Fund is managed in this way that it can continue to serve a useful purpose. It seems probable, however, that the National Advisory Council and the American representatives would have had the same problems in mind irrespective of whether the Committee had considered them at length and, therefore, that these clauses in the bill will have little practical effect on the policies of the American representatives.

1/ The right to refuse assistance could conceivably be stretched to mean the right to require repayment of past loans but this would hardly be in accordance with the spirit of the Agreement.

New Devaluation of the Greek Currency J.H.F.

The governor of the Bank of Greece, Kyriakos Varvaressos, has been appointed Vice Premier and Minister of Reconstruction in the Greek cabinet, and has been given dictatorial powers to stabilize the currency, fix prices and wages, readjust taxes, and reorganize production and distribution. On June 5, 1945, he announced the establishment of a dollar rate of 500 drachmas and of a gold price of 4,000 drachmas for the gold sovereign, the freezing of commodity prices at the level of the first ten days of April 1945, and the increase of wages by 50 to 83 per cent. Daily wage rates will range from 220 to 720 drachmas, monthly salaries of private employees from 10,000 to 30,000 drachmas.

The proposed dollar rate represents a new devaluation of the drachma by 70 per cent in terms of dollars: the drachma will be worth 0.2 United States cents, as compared to 0.67 cents under the "stabilization" of November 1944. At the beginning of April 1945, the dollar was quoted in the "free" market of Athens at about 300 drachmas.1/ While it might be possible to maintain the new dollar rate for some time to come, it will be more difficult to enforce the proposed price of the gold sovereign, which is slightly below the dollar value of the sovereign on the basis of the United States Treasury gold price (i.e., $8.24 per sovereign, equal to 4,120 drachmas at the proposed dollar-drachma rate). Since the gold sovereign is usually quoted in Europe at about twice its official dollar value and the premium has been substantially higher in Greece, it is hard to see how the Bank of Greece will achieve its purpose.

The stabilization of prices at the level of the first half of April means an increase of about 80 per cent over the level of November 1944. The new devaluation will be far less in terms of domestic purchasing power than in foreign exchange value, and to a large extent will eliminate the discrepancy between the domestic and the international price level. The proposed wage increase will bring real wage rates to about three-fourths of the pre-war level.

All these measures--with the exception of the proposal to reduce the price of gold--appear to be sound and realistic. Their results, however, will be determined exclusively by the success or failure of attempts to reorganize the fiscal system and to improve the supply of commodities. Mr. Varvaressos, who is an outstanding economist and has acted for years as Greek Ambassador-at-large in economic matters, apparently understands these requisites. As a first step toward alleviating the scarcity of goods, he has promised an increase in imports, especially of clothing, which will be sold by the Government at prices substantially below the general ceiling. However, as long as the Government must rely upon central bank credit for the greater part of its expenditures, and as long as the resulting currency expansion is not fully matched by an increase in real output, financial stabilization will be as precarious as it was in November 1944.

1/ See Review of Foreign Developments, May 28, 1945, p. 6.

Russian Economic Policies in Occupied Germany   Hans J. Dernburg

Information on the economic policies pursued by Soviet Russia in occupied Germany since the unconditional surrender of the country is very scant. Newspapermen are not admitted to the area and Russian radio broadcasts to and from the occupied region are the only regular sources of information. The following paragraphs are based mainly on such broadcast reports, and must be taken at face value since there is no way of checking against alternative sources.

From the available information it appears that Russia is following in general a policy of economic rehabilitation. The Russian attitude toward the German people, as expressed time and again in the broadcasts, is reflected in the following quotation: "The actions of the Soviet authorities are dictated by the principle to be ruthless with Nazi criminals but to be humane toward the German civilian population provided it carries out loyally Allied instructions." Reference is often made to the Yalta declaration and to Stalin's May Day declaration, both of which emphasized that the Allies do not want to destroy the German people. Appeals are made to the people as a whole, as for instance to the people of Berlin, to cooperate with the Soviet Commander and the newly instituted City Administration. No special appeal is made to the working class and no disparaging remarks are made about the "capitalist class". If any action is being taken to introduce communism, it is certainly not reflected in any utterances that have come over the radio.

The first steps of the Russians toward rehabilitation of occupied Germany consisted in clearing the streets of the occupied cities, restoring highways and bridges, and reconstructing public utilities such as water, gas, and electricity. In cities like Berlin and Dresden, city traffic is being restored. Radio stations were reopened and the postal service resumed. On May 29, it was reported that railway units of the Technical Troops have reconstructed the three most important railways leading to Berlin from the East. Trains are said to be running regularly to Berlin from Frankfurt on the Oder, from Küstrin, and from Wriezen through Eberswalde. Railway troops have also reconstructed the railway from Berlin to Dresden. Postal traffic in the Greater Berlin area was resumed on May 22. There are numerous reports on the resumption of manufacturing and the reopening of stores.

Much of the reconstruction work is being done by the new German municipal administrations under Soviet control. In Berlin, Dresden, and the smaller cities in the Russian zone, mayors were appointed and city councils, selected from all groups of the population, were established. On May 31, it was reported: "Self-government administrations have already been set up in all the towns in the German area. They work to restore normal life, to rebuild the towns, public utilities, and factories." The following report on the self-government of Potsdam is characteristic:

"There are about 140,000 inhabitants in Potsdam, among whom are people of various professions from workers to outstanding representatives of science and art. The town has been divided into seven districts, where under the guidance of the District Commandants, representatives of the local administration and the burgomastor, restoration work is going forward. The Oberbuergermeister of the town presides over local self-government. Ten departments were drafted and are engaged in the actual work of restoring normal life. The Food Department distributes food supplies among the population. The Department for Repair and Restoration has restored factories and dwelling houses. Water and electric supplies are functioning, and the telephone exchange and the post office building are being repaired. The Department for Postal Telegraph was asked by the Commandant first of all to deliver all mail and to open about 50 post offices. The Department for Industry and Trade has already opened hairdressing salons and small shoe and clothing repair shops. The Department for Health has three hospitals functioning and three clinics in which there are more than 3,000 wounded German officers and men. The opening of these medical institutions allowed for the care of expectant mothers and sick people, who required immediate medical attention. Besides hospitals, private surgical clinics were opened. The Departments for Social Insurance and Public Education are starting to open. The Agricultural Department is preoccupied with the question of sowing and with the gathering of vegetables from hot houses."

It has been the policy of the Russians to organize food supplies for the people in the occupied zone. Berlin and the surrounding areas were starving during the last months of the war and Marshal Stalin gave his personal attention to the feeding of the city, according to a report of Colonel General Berzarin, now Town Commander of Berlin: "When, on April 25, 1945, I was advancing on Berlin with my troops and Berlin was still fighting against us, we already had instructions from Marshal Stalin to bring up food for the inhabitants of Berlin. At present Marshal Stalin enquires daily as to how the work is progressing" (reported on May 21). After the occupation of Berlin and Dresden, Mikoyan, Deputy Chairman of the Council of People's Commissars of the U.S.S.R., studied the food situation in these towns during a visit to occupied Germany. Back in Moscow he summarized the Russian policy with respect to feeding the German people as follows: "The moral standard and tradition of the Soviet peoples demand humane treatment of the population of a vanquished country. We did smash the Hitler Army in bitter battles and we did occupy Berlin, but neither our traditions nor our sense of honor would allow us to observe indifferently how a peaceful population is suffering misery and hardship. The Soviet Command, together with the City Administrations of Berlin and Dresden have, therefore, organized food supplies for these cities" (reported on May 23).

Rationing is being maintained and it has often been asserted in the Russian broadcasts that rations under the Russian regime are greater than under the Nazis. In Berlin, bread is issued daily; every consumer may obtain two days' rations, the one for the current day, the other for the next day. Meat, fats, sugar, processed foods, and potatoes seem to be issued weekly. In the last week of May, coffee and tea, which had not been seen in Germany for many years, were distributed among the people of Berlin.

Under the Nazi regime there were price ceilings for practically everything. In order to supply the Berlin population with foodstuffs and manufactured goods in addition to standardized products distributed by the municipal administration, the Military Commander of Berlin abolished price ceilings by decree. It introduces "unrestricted private trade in all classes of goods" and encourages farmors and tradesmen of the outlaying rural districts to market foodstuffs in Berlin at certain designated sites. The decree, however, points out "that food and all other goods issued to the trade by the municipal administration for sale on ration cards may be sold only at fixed prices and in fixed rationed quantities, in accordance with the ration cards that have been issued".

At first glance, it is hard to understand how free trading at uncontrolled prices would be compatible with the issuing of rationed goods at fixed prices. The decree is understandable, however, under the reasonable assumption that the bulk of the foodstuffs from the last harvests was already bought up under the Nazi regime at fixed prices so that it may now be sold at fixed prices. The price rises permissible under the new decree would attract to the market what is still in the hands of the farmers--relatively small amounts of rationed staple goods and possibly larger amounts of unrationed foodstuffs, such as vegetables and fruit. The system could, of course, serve only as a makeshift and would have to be abandoned when the municipalities have to replenish their stocks of goods to be sold at fixed prices on ration cards. Buying at relatively high free prices and selling at relatively low controlled prices are incompatible, unless some sort of subsidy system is introduced.

On May 20, the German Reichsbank in Berlin was reopened under the name "Deutsche Staatsbank" (German State Bank); it may be significant that the new name is rather similar to that of the Russian central bank (State Bank of the U.S.S.R., known as the Gosbank). The U.S.S.R. has printed occupation marks for use in Russian-occupied Germany. Those marks appear in every way identical with the Allied Military marks used in the United States, British, and French zones. No general rate of exchange has been declared by the Russians; but for purposes of the payment of troops and military accounting a rate of two marks to the ruble is being used, which is pretty much in line with the American mark rate of 10 marks to the dollar. German notes and coin hitherto valid as well as occupation marks are legal tender, "must be accepted without question"; they must circulate at par. With respect to occupation marks and other German currency, "no separation is to be made in cash tills, and the various currencies are not to be separately entered in ledgers and accounts".

Banks and savings banks were reopened. However, all deposits accumulated up to May 1 are blocked. "Relaxations are possible only for food supplies and for reconstruction and other vital work ordered by the Municipal Administration." New deposits are free and the radio listener is encouraged to deposit his cash with credit institutions. "We do not want to take it away from you or freeze it," he has been told over the radio, "but we want to let it circulate as economic lifeblood as much and as often as possible."

On May 24, it was decreed that beginning on June 2 all Reich, Provincial, and municipal taxes as well as all contributions and fees are to be levied again in accordance with the old regulations and scales.

No information is available on price developments. With the introduction of free trading, prices of goods not bought against ration cards have probably risen considerably. The freezing of bank deposits may act somewhat as a brake; but it should be realized that the German population was well supplied with currency at the time of the collapse, and that new occupation marks are continually being issued to the troops and probably for reconstruction work as well.

Policy Statements in Lend-Lease Budget Request C.R.H.

In transmitting his request for a comparatively moderate appropriation for the defense aid program in the coming fiscal year, President Truman indicated that the so-called 3(c) Lend-Lease Agreements recently signed with France, Belgium, and the Netherlands may be revised considerably or abandoned altogether.1/ The President forwarded to Congress a letter from Budget Director Harold D. Smith which, in a paragraph advocating repeal of the Johnson Act and expansion of the lending power of the Export-Import Bank, contains the following sentence:

> "Such action will make possible the financing of portions of the lend-lease 3(c) agreements with the French, Belgian, and Netherlands governments for the delivery of industrial equipment and supplies, provision for which has not been made in the program recommended above because of changed war conditions."

In his own letter, the President states that these recent agreements will be carried out with lend-lease funds "to the fullest extent consistent with changed war conditions and the basic wartime purposes of lend-lease aid". He adds: "Beyond this I propose that these allies be assisted in financing necessary equipment and supplies by the Export-Import Bank."

1/ See Review of Foreign Developments of April 2 and May 14, 1945. The Agreements provide that deliveries of any articles or services contemplated in the pacts may be withheld "whenever the President determines that such action is in the national interest".

Interpretation of lend-lease policy, with respect to the extent of de facto rehabilitation aid to be rendered under the program, has for many months depended upon careful comparison of official statements and official actions which have frequently appeared to be mutually inconsistent. For that reason the clarity of the following recommendations, presented by the Budget Director and presumably indorsed by the President, is welcome:

1. Lend-lease should continue to be an indispensable weapon for waging fully effective war against Japan in close collaboration with our Allies. In furtherance of this objective, such funds should be of limited but valuable assistance in expediting the maximum redeployment of our armed forces for full use against Japan.

2. Lend-lease funds should be limited to purposes of the war and national defense and should be reduced as fast as possible consistent with those objectives.

3. Raw materials should be provided under lend-lease arrangements only where they are needed to increase or maintain the industrial contribution of the lend-lease country to the war effort.

4. Petroleum products for U.S. military use should henceforth be financed from War and Navy appropriations.

According to the Director of the Budget, the proposed defense aid budget for fiscal 1946 reflects these recommendations. The amount requested as new appropriation is $1,975 million, $1,564 million less than the appropriation for the current year. With the inclusion of $2,400 million of unobligated balances on hand, the funds available for fiscal 1946 will total $4,375 million. Obligations contracted against direct lend-lease appropriations in the current fiscal year are estimated at $5,128 million. These amounts are, of course, exclusive of the value of goods which may be transferred by the War Department, the Navy Department, and the Maritime Commission, and published data reveal that a large share of lend-lease aid has been effected through such transfers. The reduction in direct lend-lease appropriations, however, together with the statements of the President and the Budget Director, indicate that total defense aid expenditures may be reduced considerably in the coming months.

The Istanbul Gold and Exchange Market J.H.F.

The Istanbul market is probably the only free gold and foreign exchange market functioning anywhere in the world. To be sure, it operates extra-legally as far as foreign exchange (not gold) is concerned, but it is obviously tolerated by the authorities since its quotations are reported day by day and its dealings in telegraphic transfers could not be executed under the prevailing censorship regulations without the knowledge of the Government. The amount of foreign exchange traded is not recorded, but if the quantity of gold transactions may be taken as an indication, the size of the market is fairly substantial. During the European war, rates may have been influenced by the demand of prospective refugees from Axis-occupied countries who needed gold or Western currencies at any price in order to make good their escape. The relative stability of the market in recent months indicates, however, that the influence of this demand was not so strong as had been suspected; probably the "escape premium" was paid mainly when refugees tried to get hold of Turkish currency rather than at the moment when they acquired gold, dollars, or sterling in exchange for Turkish pounds.

In Table I, rates at the beginning of July 1944 are compared with those at the end of March 1945. At the earlier date, the battle of St. Lo and the Russian summer offensive had not yet begun and all Balkan countries were still under German control. By the latter date, the Western Allies had crossed the Rhine and the Russians the Oder; the complete defeat of the Axis had become certain. At about the same time, the Turkish pound had become stabilized both in terms of gold and domestic purchasing power.1/ This situation was reflected in the foreign exchange market, where the dollar rose very little and most other currencies actually declined.

In Table II, these rates are used for computing the cross-rates of pounds sterling, Swiss francs, and gold, in terms of dollars. The results must be interpreted with some reserve: the rates certainly do not represent the "true" relation of the values quoted to the dollar, but they indicate the estimate of a very shrewd group of well-informed and experienced international financiers and speculators. Local conditions, such as a demand for dollars for immediate import payments, influence the rates more than they would under conditions of free international arbitrage. Moreover, the picture is marred in the case of the pound sterling and the Swiss franc by the effects of special Government actions: the greater decline in the value of pound notes as compared to telegraphic transfers is probably due to the impending retirement of large notes, and the greater decline in the rate for Swiss telegraphic transfers as compared to notes is probably due to the stricter Swiss policy concerning foreign deposits. With these reservations, three facts may be noted: (1) the pound sterling is valued about 25 per cent below its official dollar parity; (2) the Swiss franc is valued almost exactly at its official dollar parity, while it had been quoted substantially above parity during the previous war years; (3) gold is still valued at about 66 per cent above

1/ See Review of Foreign Developments, April 2, 1945, p. 4.

its dollar parity, in spite of a considerable drop from its peak level. The high valuation of gold is an international phenomenon, observable wherever gold is traded in an uncontrolled market. It will be interesting to watch the reaction of these markets to the establishment of the proposed International Monetary Fund, since in case of its successful operation the various local currencies would be pegged to gold and an international gold premium would be inconceivable.

Table I
Istanbul Exchange Rates and Gold Prices

	Official export rate[1]	Black market rate July 1944	Black market rate March 1945
	(Turkish pounds per unit of foreign currency)		
U.S. dollar, T.T.[2]	1.83	2.60	2.80
U.S. dollar notes	1.81	2.29	2.42
Pound sterling, T.T.	7.32	9.10	8.50
Pound sterling notes	7.34	6.80	6.00
Swiss franc, T.T.	0.425	0.78	0.61
Swiss franc notes	0.42	0.79	0.70

	Free market rate December 1939	Free market rate July 1945	Free market rate March 1945
	(Turkish pounds per ounce)		
Gold bars	69.64	162.96	162.34

1/ Based upon rates of T.T. for December 1943 (average) and of notes for December 31, 1943, both plus 40 per cent export premium (see Review of Foreign Developments, January 8, 1945, p. 4).
2/ Telegraphic transfers.

Table II
Dollar Cross-Rates for Foreign Exchange and Gold

	New York rate	Istanbul rates[1] July 1944	Istanbul rates[1] March 1945
	(U.S. dollars per unit of foreign currency)		
Pound sterling	4.035	3.50	3.036
Swiss franc	0.235	0.30	0.218
Gold (per ounce)	35.000	62.68	57.980

1/ Based upon black market rate of telegraphic transfers and free market rate of gold bars.