

July 19, 1955

Cable Draft, Harold Lady

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Summary:

Lady emphasizes establishing a convertible currency to stabilize the Korean economy.

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Handwritten signature

CABLE DRAFT

19 July 1955

KORIC
WASHINGTON DC

REURTEL TWENTYSIX KOREA DESIRES ESTABLISH SOON AS POSSIBLE FREE
ECONOMY WITH CONVERTIBLE CURRENCY USING IMPORT DUTIES AS ONLY DEVICE
FOR IMPLEMENTING MODERATE AUSTERITY PROGRAM AND CHANNELING PRIVATELY
OWNED FOREIGN EXCHANGE INTO PRODUCTIVE ENTERPRISES STOP
PLANNING TO REVISE BUDGET DECREASING DEFICIT STOP WILL DECREASE
CURRENCY IN CIRCULATION BY IMMEDIATELY SELLING LARGE QUANTITIES OF
RICE FROM GOVERNMENT STOCKS TO KOREAN PUBLIC AND INCREASING REVENUES
BY VARIOUS MEANS STOP
AGREE WILL AUCTION ALL IMPORTED GOODS SUSCEPTIBLE TO SUCH HANDLING STOP
OTHER IMPORTED GOODS TO BE SOLD AT PRICES BASED ON OFFICIAL RATES BUT
SOME MAY BE SUBSIDIZED IF NECESSARY AND OTHERS SUCH AS GASOLINE WILL
BE TAXED STOP
CERTAIN CAN MAINTAIN FOUR HUNDRED TO ONE OFFICIAL TWO WAY EXCHANGE
RATE IF UNITED STATES WILL COOPERATE AND HELP SUPPORT HWAN AS A CURRENCY
FREELY CONVERTIBLE INTO FOREIGN CURRENCIES STOP
BANK OF KOREA WILL SELL HWAN TO UNC AT OFFICIAL RATE AS PART OF STABILIZATION
OPERATION AND THERE WILL BE NO MORE UNC DOLLAR AUCTIONS STOP
COMPUTE UNC HWAN LOAN SETTLEMENT BY SUBDIVIDING ACCORDING TO MONTH OF
ORIGIN AND APPLYING HWAN DOLLAR RATE EFFECTIVE DURING THAT MONTH FOR
SIMILAR INTERGOVERNMENT SETTLEMENTS STOP
BY UNC HWAN LOAN AS REFER TO UNC DEBT TO KOREA

KORPITAL