

EFFECT OF PROPOSED BRETTON WOODS AMENDMENTS

1. CED Proposal.

The amendment would authorize the United States representatives on the Bank to propose an amendment to the Articles of Agreement to authorize the Bank to make or guarantee long-term stabilization loans, if the Agreement should not be so interpreted. There appears to be no objection to this amendment.

2. Council Proposal.

The "Advisory Council" proposed by the amendment would be similar to that which has been suggested by the Board of Governors, but with the following major differences:

The proposed Council would consist of the Secretaries of Treasury, State and Commerce, the Chairman of the Board of Governors of the Federal Reserve System, and the Chairman of the Board of Directors of the Export-Import Bank, whereas the members of the Council proposed by the Board would be designated by the President.

The Council would formulate policy directives for the guidance of the United States representatives, but they would not be specifically required to act in a manner generally consistent with the views of the Council, as provided in the Board's draft. However, the directives would be subject to the President's approval and therefore a specific requirement to this effect probably is not vital. In this connection also, the authority of the Council to give approvals, consents and agreements on behalf of the United States would be subject to the approval of the President, a requirement not contained in the Board's draft.

The amendment would specifically direct the Council to coordinate the policies of the Export-Import Bank with those pursued by the United States in connection with the Fund and Bank. However, the amendment contains no provisions like those in the Board's draft requiring that policy negotiations be conducted through the governors and executive directors or requiring agencies of the Government to consult with the Council. Such provisions, however, are not believed to be essential.

3. One Person as Governor of both Fund and Bank.

The provision of the bill requiring appointment of a governor of the Fund and a governor of the Bank would be changed by the amendment to require the appointment of the same person as governor of both institutions. However, there would be an executive director for the Bank and also an executive director for the Fund; and alternates for the two executive directors would be selected by the President from names recommended to him by them rather than appointed by the executive directors themselves.

4. Obtaining of Information.

The amendment would limit the authority to require information to that which may be requested by the Fund. Both the bill and the Board's suggested substitute provide, in addition, for the furnishing of data essential for the guidance of the United States in its participation in both the Fund and the Bank. This omission might be unfortunate in certain circumstances, and the point might be met, if desired, by retaining the broad authority to require data essential for the guidance of the United States with a provision, like that contained in the Articles of Agreement of the Fund, prohibiting the use of such information in a manner which would disclose the affairs of individuals or corporations.

Under the Board's proposal, the Council would be the agency to obtain information. Under the bill and the proposed amendment, the Secretary of the Treasury would probably have that function by virtue of provisions of an existing executive order; but under the amendment the President could, if he desired, designate the Council as the appropriate agency to obtain such information.

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