

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

# Office Correspondence

Date July 16, 1946.

To Chairman Eccles

From Mr. Knapp

Subject: Sections of Bretton Woods Agree-  
ments Act defining relationships between  
NAC and U.S. Representatives on Fund and  
Bank.

In accordance with your request, I am giving you below the sections of the Bretton Woods Agreements Act defining the relationships between the National Advisory Council and the U. S. representatives on the Fund and the Bank.

"Sec. 4(b) (1) The Council, after consultation with the representatives of the United States on the Fund and the Bank, shall recommend to the President general policy directives for the guidance of the representatives of the United States on the Fund and the Bank.

(2) The Council shall advise and consult with the President and the representatives of the United States on the Fund and the Bank on major problems arising in the administration of the Fund and the Bank.

(3) The Council shall coordinate, by consultation or otherwise, so far as is practicable, the policies and operations of the representatives of the United States on the Fund and the Bank, the Export-Import Bank of Washington and all other agencies of the Government to the extent that they make or participate in the making of foreign loans or engage in foreign financial, exchange or monetary transactions.

"Sec. 4(c) The representatives of the United States on the Fund and the Bank, . . . . shall keep the Council fully informed of their activities and shall provide the Council with such further information or data in their possession as the Council may deem necessary to the appropriate discharge of its responsibilities under this Act."

Furthermore, the Act specifically provides for action by the Council (or by Congress itself) on many important issues which may confront the American representatives in the Fund and Bank. (I assume that in the case of issues on which Congress must make a decision the Council would first be consulted by the U. S. representatives and would make a report to Congress.) The most important of these issues are:

Those requiring approval of U. S. through Congressional action

1. Amendments to the Articles of Agreement of the Fund and Bank.
2. Any loan on behalf of the United States to the Fund or the Bank.

3. Any change in the U. S. quota in the Fund or the Bank.

4. Any change in the par value of the U. S. dollar.

Those requiring approval of U. S. through Council action

5. Any loan by the Bank of dollars subscribed by the United States.

6. Any borrowing by the Bank in the private U. S. market.

7. Any guarantee to be given by the Bank on securities floated in the U. S. market.

8. Any purchases or sales by the Bank in the United States of securities which it has issued or guaranteed, or in which it has invested.

Those not requiring approval of U. S. but requiring Council action on vote cast by U. S. representatives

9. Any declaration of the U. S. dollar as a scarce currency.

10. Any extension of Fund assistance to a member beyond its quota privileges.

Finally, you will recall that the Bretton Woods Agreements Act provides for the submission of reports by the Council to the President and to the Congress:

- (1) Every six months with respect to "the participation of the U. S. in the Fund and Bank";
- (2) Every two years with respect to "the operations and policies of the Fund and the Bank";
- (3) Other special reports and recommendations from time to time.