

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

## Office Correspondence

Date November 3, 1944To Chairman EcclesSubject: Final Act and Related Documents  
of the United Nations Monetary  
and Financial ConferenceFrom Walter R. Gardner *WRG*

The attached copy of the Final Act and Related Documents of the United Nations Monetary and Financial Conference, published by the Department of State, contains material which was not included in the Treasury pamphlet which I sent you some time ago. The new Department of State document contains the full text of the Final Act of the Conference, including the Fund and Bank Agreements published in the Treasury pamphlet. In addition, it contains the Resolutions and Recommendations of the Conference on other means of international financial cooperation, a summary of the Agreements of the Conference, the final reports of the three Commissions to the Conference, and the statements or reservations of certain of the delegations concerning the Articles of Agreement of the Fund and Bank. Some preliminary statements by the President and Secretary Morgenthau, which were not contained in the Treasury pamphlet, are also given in the State Department document.

Attachment

United Nations  
Monetary and Financial  
Conference

BRETTON WOODS, NEW HAMPSHIRE  
JULY 1 TO JULY 22, 1944

FINAL ACT AND RELATED DOCUMENTS

# United Nations Monetary and Financial Conference

BRETTON WOODS, NEW HAMPSHIRE  
JULY 1 TO JULY 22, 1944

FINAL ACT AND RELATED DOCUMENTS



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# STATEMENT BY PRESIDENT ROOSEVELT<sup>1</sup>

JUNE 29, 1944

TO THE MEMBERS OF THE UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE:

I welcome you to this quiet meeting place with confidence and with hope. I am grateful to you for making the long journey here, grateful to your governments for their ready acceptance of my invitation to this meeting. It is fitting that even while the war for liberation is at its peak, the representatives of free men should gather to take counsel with one another respecting the shape of the future which we are to win.

The war has prodded us into the healthy habit of coming together in conference when we have common problems to discuss and solve. We have done this successfully with respect to various military and production phases of the war, and also with respect to measures which must be taken immediately after the war is won—such as relief and rehabilitation, and distribution of the world's food supplies. These have been essentially emergency matters. At Bretton Woods, you who come from many lands are meeting for the first time to talk over proposals for an enduring program of future economic cooperation and peaceful progress.

The program you are to discuss constitutes, of course, only one phase of the arrangements which must be made between nations to insure an orderly, harmonious world. But it is a vital phase, affecting ordinary men and women everywhere. For it concerns the basis upon which they will be able to exchange with one another the natural riches of the earth and the products of their own industry and ingenuity. Commerce is the life blood of a free society. We must see to it that the arteries which carry that blood stream are not clogged again, as they have been in the past, by artificial barriers created through senseless economic rivalries.

Economic diseases are highly communicable. It follows, therefore, that the economic health of every country is a proper matter of concern to all its neighbors, near and distant. Only through a dynamic

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<sup>1</sup> Read by the Secretary General of the Conference at the Inaugural Plenary Session July 1.

and a soundly expanding world economy can the living standards of individual nations be advanced to levels which will permit a full realization of our hopes for the future.

The spirit in which you carry on these discussions will set a pattern for future friendly consultations among nations in their common interest. Further evidence will be furnished at Bretton Woods that men of different nationalities have learned how to adjust possible differences and how to work together as friends.

The things that we need to do, must be done—can only be done—in concert. This Conference will test our capacity to cooperate in peace as we have in war. I know that you will all approach your task with a high sense of responsibility to those who have sacrificed so much in their hopes for a better world.

FRANKLIN D. ROOSEVELT

ADDRESS BY THE  
HONORABLE HENRY MORGENTHAU, JR.

AT THE

INAUGURAL PLENARY SESSION JULY 1, 1944

FELLOW DELEGATES AND MEMBERS OF THE CONFERENCE:

You have given me an honor and an opportunity. I accept the presidency of this Conference with gratitude for the confidence you have reposed in me. I accept it also with deep humility. For I know that what we do here will shape to a significant degree the nature of the world in which we are to live—and the nature of the world in which men and women younger than ourselves must round out their lives and seek the fulfilment of their hopes. All of you, I know, share this sense of responsibility.

We are more likely to be successful in the work before us if we see it in perspective. Our agenda is concerned specifically with the monetary and investment field. It should be viewed, however, as part of a broader program of agreed action among nations to bring about the expansion of production, employment, and trade contemplated in the Atlantic Charter and in article VII of the mutual-aid agreements concluded by the United States with many of the United Nations. Whatever we accomplish here must be supplemented and buttressed by other action having this end in view.

President Roosevelt has made it clear that we are not asked to make definitive agreements binding on any nation, but that proposals here formulated are to be referred to our respective governments for acceptance or rejection. Our task, then, is to confer, and to reach understanding and agreement, upon certain basic measures which must be recommended to our governments for the establishment of a sound and stable economic relationship among us.

We can accomplish this task only if we approach it not as bargainers but as partners—not as rivals but as men who recognize that their common welfare depends, in peace as in war, upon mutual trust and joint endeavor. It is not an easy task that is before us; but I believe, if we devote ourselves to it in this spirit, earnestly and sincerely, that what we achieve here will have the greatest historical significance. Men and women everywhere will look to this meeting for a sign that the unity welded among us by war will endure in peace.



Through cooperation we are now overcoming the most fearful and formidable threat ever to be raised against our security and freedom. In time, with God's grace, the scourge of war will be lifted from us. But we shall delude ourselves if we regard victory as synonymous with freedom and security. Victory in this war will give us simply the opportunity to mold, through our common effort, a world that is, in truth, secure and free.

We are to concern ourselves here with essential steps in the creation of a dynamic world economy in which the people of every nation will be able to realize their potentialities in peace; will be able, through their industry, their inventiveness, their thrift, to raise their own standards of living and enjoy, increasingly, the fruits of material progress on an earth infinitely blessed with natural riches. This is the indispensable cornerstone of freedom and security. All else must be built upon this. For freedom of opportunity is the foundation for all other freedoms.

I hope that this Conference will focus its attention upon two elementary economic axioms. The first of these is this: that prosperity has no fixed limits. It is not a finite substance to be diminished by division. On the contrary, the more of it that other nations enjoy, the more each nation will have for itself. There is a tragic fallacy in the notion that any country is liable to lose its customers by promoting greater production and higher living-standards among them. Good customers are prosperous customers. The point can be illustrated very simply from the foreign-trade experience of my own country. In the pre-war decade, about 20 percent of our exports went to the 47 million people in the highly industrialized United Kingdom; less than 3 percent went to the 450 million people in China.

The second axiom is a corollary of the first. Prosperity, like peace, is indivisible. We cannot afford to have it scattered here or there among the fortunate or to enjoy it at the expense of others. Poverty, wherever it exists, is menacing to us all and undermines the well-being of each of us. It can no more be localized than war, but spreads and saps the economic strength of all the more-favored areas of the earth. We know now that the thread of economic life in every nation is inseparably woven into a fabric of world economy. Let any thread become frayed and the entire fabric is weakened. No nation, however great and strong, can remain immune.

All of us have seen the great economic tragedy of our time. We saw the world-wide depression of the 1930's. We saw currency disorders develop and spread from land to land, destroying the basis for international trade and international investment and even international faith. In their wake, we saw unemployment and wretchedness—idle tools, wasted wealth. We saw their victims fall prey, in

places, to demagogues and dictators. We saw bewilderment and bitterness become the breeders of fascism and, finally, of war.

In many countries controls and restrictions were set up without regard to their effect on other countries. Some countries, in a desperate attempt to grasp a share of the shrinking volume of world trade, aggravated the disorder by resorting to competitive depreciation of currency. Much of our economic ingenuity was expended in the fashioning of devices to hamper and limit the free movement of goods. These devices became economic weapons with which the earliest phase of our present war was fought by the Fascist dictators. There was an ironic inevitability in this process. Economic aggression can have no other offspring than war. It is as dangerous as it is futile.

We know now that economic conflict must develop when nations endeavor separately to deal with economic ills which are international in scope. To deal with the problems of international exchange and of international investment is beyond the capacity of any one country, or of any two or three countries. These are multilateral problems, to be solved only by multilateral cooperation. They are fixed and permanent problems, not merely transitional considerations of the post-war reconstruction. They are problems not limited in importance to foreign-exchange traders and bankers but are vital factors in the flow of raw materials and finished goods, in the maintenance of high levels of production and consumption, in the establishment of a satisfactory standard of living for all the people of all the countries on this earth.

Throughout the past decade, the Government of the United States has sought in many directions to promote joint action among the nations of the world. In the realm of monetary and financial problems this Government undertook, as far back as 1936, to facilitate the maintenance of orderly exchanges by entering into the Tripartite Agreement with England and France, under which they, and subsequently Belgium, the Netherlands, and Switzerland, agreed with us to consult on foreign-exchange questions before important steps were taken. This policy of consultation was extended in the bilateral exchange arrangements which we set up, starting in 1937, with our neighbors on the American continents.

In 1941, we began to study the possibility of international cooperation on a multilateral basis as a means of establishing a stable and orderly system of international currency relationships and to revive international investment. Our technical staff—soon joined by the experts of other nations—undertook the preparation of practical proposals, designed to implement international monetary and financial cooperation. The opinions of these technicians, as reported in the joint public statement which they have issued, reveal a common belief

that the disruption of foreign exchanges *can* be prevented, and the collapse of monetary systems *can* be avoided, and a sound currency basis for the balanced growth of international trade *can* be provided, if we are forehanded enough to plan ahead of time—and to plan together. It is the consensus of these technical experts that the solution lies in a permanent institution for consultation and cooperation on international monetary, finance, and economic problems. The formulation of a definite proposal for a Stabilization Fund of the United and Associated Nations is one of the items on our agenda.

But provision for monetary stabilization alone will not meet the need for the rehabilitation of war-wrecked economies. It is not, in fact, designed toward that end. It is proposed, rather, as a permanent mechanism to promote exchange stability. Even to discharge this function effectively, it must be supplemented by many other measures to remove impediments to world trade.

For long-range reconstruction purposes, international loans on a broad scale will be imperative. We have in mind a need wholly apart from the problem of immediate aid which is being undertaken by the United Nations Relief and Rehabilitation Administration. The need which we seek to meet through the second proposal on our agenda is for loans to provide capital for economic reconstruction, loans for which adequate security may be available and which will provide the opportunity for investment, under proper safeguards, of capital from many lands. The technicians have prepared the outline of a plan for an International Bank for Postwar Reconstruction which will investigate the opportunities for loans of this character, will recommend and supervise them and, if advisable, furnish to investors guaranties of their repayment.

I shall not attempt here to discuss these proposals in detail. That is the task of this Conference. It is a task the performance of which calls for wisdom, for statesmanship, above all for good will.

The transcendent fact of contemporary life is this—that the world is a community. On battlefronts the world over, the young men of all our united countries have been dying together—dying for a common purpose. It is not beyond our powers to enable the young men of all our countries to *live* together—to pour their energies, their skills, their aspirations into mutual enrichment and peaceful progress. Our final responsibility is to them. As they prosper or perish, the work which we do here will be judged. The opportunity before us has been bought with blood. Let us meet it with faith in one another, with faith in our common future, which these men fought to make free.

ADDRESS BY THE  
HONORABLE HENRY MORGENTHAU, JR.

AT THE

CLOSING PLENARY SESSION JULY 22, 1944

I am gratified to announce that the Conference at Bretton Woods has successfully completed the task before it.

It was, as we knew when we began, a difficult task, involving complicated technical problems. We came here to work out methods which would do away with the economic evils—the competitive currency devaluation and destructive impediments to trade—which preceded the present war. We have succeeded in that effort.

The actual details of an international monetary and financial agreement may seem mysterious to the general public. Yet at the heart of it lie the most elementary bread-and-butter realities of daily life. What we have done here in Bretton Woods is to devise machinery by which men and women everywhere can freely exchange, on a fair and stable basis, the goods which they produce through their labor. And we have taken the initial steps through which the nations of the world will be able to help one another in economic development to their mutual advantage and for the enrichment of all.

The representatives of the 44 nations faced differences of opinion frankly, and reached an agreement which is rooted in genuine understanding. None of the nations represented here has altogether had its own way. We have had to yield to one another not in respect to principles or essentials but in respect to methods and procedural details. The fact that we have done so, and that we have done it in a continuing spirit of good will and mutual trust, is, I believe, one of the hopeful and heartening portents of our times. Here is a sign blazoned upon the horizon, written large upon the threshold of the future—a sign for men in battle, for men at work in mines and mills, and in the fields, and a sign for women whose hearts have been burdened and anxious lest the cancer of war assail yet another generation—a sign that the peoples of the earth are learning how to join hands and work in unity.

There is a curious notion that the protection of national interests and the development of international cooperation are conflicting philosophies—that somehow or other men of different nations cannot

work together without sacrificing the interests of their particular nations. There has been talk of this sort—and from people who ought to know better—concerning the international cooperative nature of the undertaking just completed at Bretton Woods. I am perfectly certain that no delegation to this Conference has lost sight for a moment of the particular national interests it was sent here to represent. The American delegation, which I have had the honor of leading, has at all times been conscious of its primary obligation—the protection of American interests. And the other representatives here have been no less loyal or devoted to the welfare of their own people.

Yet none of us has found any incompatibility between devotion to our own countries and joint action. Indeed, we have found on the contrary that the only genuine safeguard for our national interests lies in international cooperation. We have come to recognize that the wisest and most effective way to protect our national interests is through international cooperation—that is to say, through united effort for the attainment of common goals. This has been the great lesson taught by the war and is, I think, the great lesson of contemporary life—that the peoples of the earth are inseparably linked to one another by a deep, underlying community of purpose. This community of purpose is no less real and vital in peace than in war, and cooperation is no less essential to its fulfilment.

To seek the achievement of our aims separately through the planless, senseless rivalry that divided us in the past, or through the outright economic aggression which turned neighbors into enemies, would be to invite ruin again upon us all. Worse, it would be once more to start our steps irrefragably down the steep, disastrous road to war. That sort of extreme nationalism belongs to an era that is dead. Today the only enlightened form of national self-interest lies in international accord. At Bretton Woods we have taken practical steps toward putting this lesson into practice in the monetary and economic field.

I take it as an axiom that after this war is ended no people—and therefore no government of the people—will again tolerate prolonged and wide-spread unemployment. A revival of international trade is indispensable if full employment is to be achieved in a peaceful world and with standards of living which will permit the realization of men's reasonable hopes.

What are the fundamental conditions under which commerce among the nations can once more flourish?

First, there must be a reasonably stable standard of international exchange to which all countries can adhere without sacrificing the freedom of action necessary to meet their internal economic problems.

This is the alternative to the desperate tactics of the past—competitive currency depreciation, excessive tariff barriers, uneconomic barter deals, multiple currency practices and unnecessary exchange restrictions—by which governments vainly sought to maintain employment and uphold living standards. In the final analysis, these tactics only succeeded in contributing to world-wide depression and even war. The International Fund agreed upon at Bretton Woods will help remedy this situation.

Second, long-term financial aid must be made available at reasonable rates to those countries whose industry and agriculture have been destroyed by the ruthless torch of an invader or by the heroic scorched-earth policy of their defenders.

Long-term funds must be made available also to promote sound industry and increase industrial and agricultural production in nations whose economic potentialities have not yet been developed. It is essential to us all that these nations play their full part in the exchange of goods throughout the world.

They must be enabled to produce and to sell if they are to be able to purchase and consume. The Bank for International Reconstruction and Development is designed to meet this need.

Objections to this Bank have been raised by some bankers and a few economists. The institutions proposed by the Bretton Woods Conference would indeed limit the control which certain private bankers have in the past exercised over international finance. It would by no means restrict the investment sphere in which bankers could engage. On the contrary, it would greatly expand this sphere by enlarging the volume of international investment and would act as an enormously effective stabilizer and guarantor of loans which they might make. The chief purpose of the Bank for International Reconstruction and Development is to guarantee private loans made through the usual investment channels. It would make loans only when these could not be floated through the normal channels at reasonable rates. The effect would be to provide capital for those who need it at lower interest rates than in the past and to drive only the usurious money lenders from the temple of international finance. For my own part, I cannot look upon this outcome with any sense of dismay.

Capital, like any other commodity, should be free from monopoly control, and available upon reasonable terms to those who will put it to use for the general welfare.

The delegates and technical staffs at Bretton Woods have completed their portion of the job. They sat down together, talked as friends and perfected plans to cope with the international monetary and financial problems which all their countries face. These pro-

posals now must be submitted to the legislatures and the peoples of the participating nations. They will pass upon what has been accomplished here.

The result will be of vital importance to everyone in every country. In the last analysis, it will help determine whether or not people have jobs and the amount of money they are to find in their weekly pay envelopes. More important still, it concerns the kind of world in which our children are to grow to maturity. It concerns the opportunities which will await millions of young men when at last they can take off their uniforms and come home and roll up their sleeves and go to work.

This monetary agreement is but one step, of course, in the broad program of international action necessary for the shaping of a free future. But it is an indispensable step and a vital test of our intentions.

Incidentally, tonight we had a dramatic demonstration of these intentions. Tonight the Soviet Government informed me, through Mr. Stepanov, chairman of its delegation here in Bretton Woods, that it has authorized an increase in its subscription to the International Bank for Reconstruction and Development to \$1,200,000,000. This was done after a subscription of \$900,000,000 had been agreed upon unanimously by the Conference. By this action, the Union of Soviet Socialist Republics is voluntarily taking a greatly increased responsibility for the success of this Bank in the post-war world. This is an indication of the true spirit of international cooperation demonstrated throughout this Conference.

We are at a crossroads, and we must go one way or the other. The Conference at Bretton Woods has erected a signpost—a signpost pointing down a highway broad enough for all men to walk in step and side by side. If they will set out together, there is nothing on earth that need stop them.

## FINAL ACT

The Governments of Australia, Belgium, Bolivia, Brazil, Canada, Chile, China, Colombia, Costa Rica, Cuba, Czechoslovakia, Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia; the French Delegation; the Governments of Greece, Guatemala, Haiti, Honduras, Iceland, India, Iran, Iraq, Liberia, Luxembourg, Mexico, Netherlands, New Zealand, Nicaragua, Norway, Panama, Paraguay, Peru, Philippine Commonwealth, Poland, Union of South Africa, Union of Soviet Socialist Republics, United Kingdom, United States of America, Uruguay, Venezuela, and Yugoslavia;

Having accepted the invitation extended to them by the Government of the United States of America to be represented at a United Nations Monetary and Financial Conference;

Appointed their respective delegates, who are listed below by countries in the order of alphabetical precedence:

### AUSTRALIA

LESLIE G. MELVILLE, Economic Adviser to the Commonwealth Bank of Australia; *Chairman of the Delegation*  
JAMES B. BRIDGEN, Financial Counselor, Australian Legation, Washington  
FREDERICK H. WHEELER, Commonwealth Department of the Treasury  
ARTHUR H. TANGE, Commonwealth Department of External Affairs

### BELGIUM

CAMILLE GUTT, Minister of Finance and Economic Affairs; *Chairman of the Delegation*  
GEORGES THEUNIS, Minister of State; Ambassador at Large on special mission in the United States; Governor of the National Bank of Belgium  
BARON HERVÉ DE GRUBEN, Counselor, Belgian Embassy, Washington  
BARON RENÉ BOEL, Counselor of the Belgian Government

### BOLIVIA

RENÉ BALLIVIÁN, Financial Counselor, Bolivian Embassy, Washington;  
*Chairman of the Delegation*

### BRAZIL

ARTHUR DE SOUZA COSTA, Minister of Finance; *Chairman of the Delegation*  
FRANCISCO ALVES DOS SANTOS-FILHO, Director of Foreign Exchange of the Bank of Brazil  
VALENTIM BOUÇAS, Commission of Control of the Washington Agreements and Economic and Financial Council  
EUGENIO GUDIN, Economic and Financial Council and Economic Planning Committee  
OCTÁVIO BULHÕES, Chief, Division of Economic and Financial Studies, Ministry of Finance  
VICTOR AZEVEDO BASTIAN, Director, Banco da Província do Rio Grande do Sul



## CANADA

J. L. ILSLEY, Minister of Finance; *Chairman of the Delegation*  
 L. S. ST. LAURENT, Minister of Justice  
 D. C. ABBOTT, Parliamentary Assistant to the Minister of Finance  
 LIONEL CHEVRIER, Parliamentary Assistant to the Minister of Munitions and Supply  
 J. A. BLANCHETTE, Member of Parliament  
 W. A. TUCKER, Member of Parliament  
 W. C. CLARK, Deputy Minister of Finance  
 G. F. TOWERS, Governor, Bank of Canada  
 W. A. MACKINTOSH, Special Assistant to the Deputy Minister of Finance  
 L. RASMINSKY, Chairman (alternate), Foreign Exchange Control Board  
 A. F. W. PLUMPTRE, Financial Attaché, Canadian Embassy, Washington  
 J. J. DEUTSCH, Special Assistant to the Under Secretary of State of External Affairs

## CHILE

LUIS ALAMOS BARROS, Director, Central Bank of Chile; *Chairman of the Delegation*  
 GERMÁN RIESCO, General Representative of the Chilean Line, New York  
 ARTURO MASCHKE TORNERO, General Manager, Central Bank of Chile  
 FERNANDO MARDONES RESTAT, Assistant General Manager, Chilean Nitrate and Iodine Sales Corporation

## CHINA

HSIANG-HSI K'UNG, Vice President of Executive Yuan and concurrently Minister of Finance; Governor of the Central Bank of China; *Chairman of the Delegation*  
 TINGFU F. TSIANG, Chief Political Secretary of Executive Yuan; former Chinese Ambassador to the Union of Soviet Socialist Republics  
 PING-WEN KUO, Vice Minister of Finance  
 VICTOR HOO, Administrative Vice Minister of Foreign Affairs  
 YEE-CHUN KOO, Vice Minister of Finance  
 KUO-CHING LI, Adviser to the Ministry of Finance  
 TE-MOU HSI, Representative of the Ministry of Finance in Washington; Director, the Central Bank of China and Bank of China  
 TSU-YEE PEI, Director, Bank of China  
 TS-LIANG SOONG, General Manager, Manufacturers Bank of China; Director, the Central Bank of China, Bank of China, and Bank of Communications

## COLOMBIA

CARLOS LLERAS RESTREPO, former Minister of Finance and Comptroller General; *Chairman of the Delegation*  
 MIGUEL LÓPEZ PUMAREJO, former Ambassador to the United States; Manager, Caja de Crédito Agrario, Industrial y Minero  
 VICTOR DUGAND, Banker

## COSTA RICA

FRANCISCO DE P. GUTIÉRREZ ROSS, Ambassador to the United States; former Minister of Finance and Commerce; *Chairman of the Delegation*  
 LUIS DEMETRIO TINOCO CASTRO, Dean, Faculty of Economic Sciences, University of Costa Rica; former Minister of Finance and Commerce; former Minister of Public Education  
 FERNANDO MADRIGAL A., Member of Board of Directors, Chamber of Commerce of Costa Rica

## CUBA

E. I. MONTOLIEU, Minister of Finance; *Chairman of the Delegation*

## CZECHOSLOVAKIA

LADISLAV FEIERABEND, Minister of Finance; *Chairman of the Delegation*

JAN MLÁDEK, Ministry of Finance; *Deputy Chairman of the Delegation*

ANTONÍN BASCH, Department of Economics, Columbia University

JOSEF HANČ, Director of the Czechoslovak Economic Service in the United States of America

ERVIN HEXNER, Professor of Economics and Political Science, University of North Carolina

## DOMINICAN REPUBLIC

ANSELMO COPELLO, Ambassador to the United States; *Chairman of the Delegation*

J. R. RODRIGUEZ, Minister Counselor, Embassy of the Dominican Republic, Washington

## ECUADOR

ESTEBAN F. CARBO, Financial Counselor, Ecuadoran Embassy, Washington; *Chairman of the Delegation*

SIXTO E. DURÁN BALLÉN, Minister Counselor, Ecuadoran Embassy, Washington

## EGYPT

SANY LACKANY BEY; *Chairman of the Delegation*

MAHMOUD SALEH EL FALAKY

AHMED SELIM

## EL SALVADOR

AGUSTÍN ALFARO MORAN; *Chairman of the Delegation*

RAÚL GAMERO

VÍCTOR MANUEL VALDES

## ETHIOPIA

BLATTA EPHREM TEWELDE MEDHEN, Minister to the United States; *Chairman of the Delegation*

GEORGE A. BLOWERS, Governor, State Bank of Ethiopia

## FRENCH DELEGATION

PIERRE MENDES-FRANCE, Commissioner of Finance; *Chairman of the Delegation*

ANDRÉ ISTEEL, Technical Counselor to the Department of Finance  
*Assistant Delegates*

JEAN DE LARGENTAYE, Finance Inspector

ROBERT MOSSÉ, Professor of Economics

RAOUL AGLION, Legal Counselor

ANDRÉ PAUL MAURY

## GREECE

KYRIAKOS VARVARESSOS, Governor of the Bank of Greece; Ambassador Extraordinary for Economic and Financial Matters; *Chairman of the Delegation*

ALEXANDER ARGYROPOULOS, Minister Resident; Director, Economic and Commercial Division, Ministry of Foreign Affairs

ATHANASE SBAROUNIS, Director General, Ministry of Finance

## GUATEMALA

MANUEL NORIEGA MORALES, Postgraduate Student in Economic Sciences,  
Harvard University; *Chairman of the Delegation*

## HAITI

ANDRÉ IHAUTAUD, Ambassador to the United States; *Chairman of the Delegation*  
PIERRE CHAUVET, Under Secretary of State for Finance

## HONDURAS

JULIÁN R. CÁCERES, Ambassador to the United States; *Chairman of the Delegation*

## ICELAND

MAGNÚS SIGURDSSON, Manager, National Bank of Iceland; *Chairman of the Delegation*

ÁSCGEIR ÁSCGEIRSSON, Manager, Fishery Bank of Iceland

SVANBJÖRN FRÍMANNSSON, Chairman, State Commerce Board

## INDIA

SIR JEREMY RAISMAN, Member for Finance, Government of India; *Chairman of the Delegation*

SIR THEODORE GREGORY, Economic Adviser to the Government of India

SIR CHINTAMAN D. DESHMUKH, Governor, Reserve Bank of India

SIR SHANMUKHAM CHETTY

A. D. SHROFF, Director, Tata Sons, Ltd.

## IRAN

ABOL HASSAN EBTEHAJ, Governor of National Bank of Iran; *Chairman of the Delegation*

A. A. DAFTARY, Counselor, Iranian Legation, Washington

HOSSEIN NAVAB, Consul General, New York

TAGHI NASSR, Iranian Trade and Economic Commissioner, New York

## IRAQ

IBRAHIM KAMAL, Senator and former Minister of Finance; *Chairman of the Delegation*

LIONEL M. SWAN, Adviser to the Ministry of Finance

IBRAHIM AL-KABIR, Accountant General, Ministry of Finance

CLAUDE E. LOOMBE, Comptroller of Exchange and Currency Officer

## LIBERIA

WILLIAM E. DENNIS, Secretary of the Treasury; *Chairman of the Delegation*

JAMES F. COOPER, former Secretary of the Treasury

WALTER F. WALKER, Consul General, New York

## LUXEMBOURG

HUGUES LE GALLAIS, Minister to the United States; *Chairman of the Delegation*

## MEXICO

EDUARDO SUÁREZ, Minister of Finance; *Chairman of the Delegation*

ANTONIO ESPINOSA DE LOS MONTEROS, Executive President of Nacional Financiera; Director of Banco de México

RODRIGO GÓMEZ, Manager of Banco de México

DANIEL COSÍO VILLEGAS, Chief of the Department of Economic Studies,  
Banco de México

## NETHERLANDS

- J. W. BEYEN, Financial Adviser to the Netherlands Government; *Chairman of the Delegation*  
D. CRENA DE IONGH, President of the Board for the Netherlands Indies, Surinam, and Curaçao in the United States  
H. RIEMENS, Financial Attaché, Netherlands Embassy, Washington; Financial Member of the Netherlands Economic, Financial, and Shipping Mission in the United States  
A. H. PHILIPSE, Member of the Netherlands Economic, Financial, and Shipping Mission in the United States

## NEW ZEALAND

- WALTER NASH, Minister of Finance; Minister to the United States; *Chairman of the Delegation*  
BERNARD CARL ASHWIN, Secretary to the Treasury  
EDWARD C. FUSSELL, Deputy Governor, Reserve Bank of New Zealand  
ALAN G. B. FISHER, Counselor, New Zealand Legation, Washington

## NICARAGUA

- GUILLERMO SEVILLA SACASA, Ambassador to the United States; *Chairman of the Delegation*  
LEÓN DEBAYLE, former Ambassador to the United States  
J. JESÚS SÁNCHEZ ROIG, former Minister of Finance; Vice Chairman, Board of Directors, National Bank of Nicaragua

## NORWAY

- WILHELM KEILHAU, Director, Bank of Norway, p. t., London; *Chairman of the Delegation*  
OLE COLBJORNSEN, Financial Counselor, Norwegian Embassy, Washington  
ARNE SKAUG, Commercial Counselor, Norwegian Embassy, Washington

## PANAMA

- GUILLERMO ABANGO, President, Investors Service Corporation of Panama; *Chairman of the Delegation*  
NARCISO E. GARAY, First Secretary, Panamanian Embassy, Washington

## PARAGUAY

- CELSO R. VELÁZQUEZ, Ambassador to the United States; *Chairman of the Delegation*  
NÉSTOR M. CAMPOS ROS, First Secretary, Paraguayan Embassy, Washington

## PERU

- PEDRO BELTRÁN, Ambassador-designate to the United States; *Chairman of the Delegation*  
MANUEL B. LLOSA, Second Vice President of the Chamber of Deputies; Deputy from Cerro de Pasco  
ANDRÉS F. DASSO, Senator from Lima  
ALBERTO ALVAREZ CALDERÓN, Senator from Lima  
JUVENAL MONGE, Deputy from Cuzco  
JUAN CHÁVEZ, Minister, Commercial Counselor, Peruvian Embassy, Washington

## PHILIPPINE COMMONWEALTH

- COLONEL ANDRÉS SORIANO, Secretary of Finance of the Philippine Commonwealth; *Chairman of the Delegation*  
JAIME HERNANDEZ, Auditor General of the Philippine Commonwealth  
JOSEPH H. FOLEY, Manager, Philippine National Bank, New York Agency, Philippine Commonwealth

## POLAND

LUDWIK GROSFELD, Minister of Finance; *Chairman of the Delegation*  
 LEON BARAŃSKI, Director General Bank of Poland  
 ZYGMUNT KARPIŃSKI, Director, Bank of Poland  
 STANISŁAW KIRKOR, Director, Ministry of Finance  
 JANUSZ ŻÓŁTOWSKI, Financial Counselor, Polish Embassy, Washington

## UNION OF SOUTH AFRICA

S. F. N. GIE, Minister to the United States; *Chairman of the Delegation*  
 J. E. HOLLOWAY, Secretary for Finance; *Co-delegate*  
 M. H. DE KOCK, Deputy Governor of South African [Reserve] Bank; *Co-delegate*

## UNION OF SOVIET SOCIALIST REPUBLICS

M. S. STEPANOV, Deputy People's Commissar of Foreign Trade; *Chairman of the Delegation*  
 P. A. MALETIN, Deputy People's Commissar of Finance  
 N. F. CHECHULIN, Assistant Chairman of the State Bank  
 I. D. ZLOBIN, Chief, Monetary Division of the People's Commissariat of Finance  
 A. A. ARUTIUNIAN, Professor; Doctor of Economics; Expert-Consultant of the People's Commissariat for Foreign Affairs  
 A. P. MOROZOV, Member of the Collegium; Chief, Monetary Division of the People's Commissariat for Foreign Trade

## UNITED KINGDOM

LORD KEYNES; *Chairman of the Delegation*  
 ROBERT H. BRAND, United Kingdom Treasury Representative in Washington  
 SIR WILFRID EADY, United Kingdom Treasury  
 NIGEL BRUCE RONALD, Foreign Office  
 DENNIS H. ROBERTSON, United Kingdom Treasury  
 LIONEL ROBBINS, War Cabinet Offices  
 REDVERS OPIE, Counselor, British Embassy, Washington

## UNITED STATES OF AMERICA

HENRY MORGENTHAU, JR., Secretary of the Treasury; *Chairman of the Delegation*  
 FRED M. VINSON, Director, Office of Economic Stabilization; *Vice Chairman of the Delegation*  
 DEAN ACHESON, Assistant Secretary of State  
 EDWARD E. BROWN, President, First National Bank of Chicago  
 LEO T. CROWLEY, Administrator, Foreign Economic Administration  
 MARRINER S. ECCLES, Chairman, Board of Governors of the Federal Reserve System  
 MABEL NEWCOMER, Professor of Economics, Vassar College  
 BRENT SPENCE, House of Representatives; Chairman, Committee on Banking and Currency  
 CHARLES W. TOBEY, United States Senate; Member, Committee on Banking and Currency  
 ROBERT F. WAGNER, United States Senate; Chairman, Committee on Banking and Currency  
 HARRY D. WHITE, Assistant to the Secretary of the Treasury  
 JESSE P. WOLCOTT, House of Representatives; Member, Committee on Banking and Currency

## URUGUAY

MARIO LA GAMMA ACEVEDO, Expert, Ministry of Finance; *Chairman of the Delegation*  
 HUGO GARCÍA, Financial Attaché, Uruguayan Embassy, Washington

## VENEZUELA

RODOLFO ROJAS, Minister of the Treasury; *Chairman of the Delegation*  
 ALFONSO ESPINOSA, President, Permanent Committee of Finance, Chamber of Deputies  
 CRISTÓBAL L. MENDOZA, former Minister of the Treasury; Legal Adviser to the Central Bank of Venezuela  
 JOSÉ JOAQUÍN GONZÁLEZ GORRONDONA, President, Office of Import Control; Director, Central Bank of Venezuela

## YUGOSLAVIA

VLADIMIR RYBÁŘ, Counselor of the Yugoslav Embassy, Washington; *Chairman of the Delegation*

Who met at Bretton Woods, New Hampshire, on July 1, 1944, under the Temporary Presidency of The Honorable Henry Morgenthau, Jr., Chairman of the Delegation of the United States of America.

The Honorable Henrik de Kauffmann, Danish Minister at Washington, attended the Inaugural Plenary Session in response to an invitation of the Government of the United States to be present in a personal capacity. The Conference, on the proposal of its Committee on Credentials, extended a similar invitation for the remaining sessions of the Conference.

The Economic, Financial, and Transit Department of the League of Nations, the International Labor Office, the United Nations Interim Commission on Food and Agriculture, and the United Nations Relief and Rehabilitation Administration were each represented by one observer at the Inaugural Plenary Session. Their representation was in response to an invitation of the Government of the United States, and either the observers or their alternates attended the subsequent sessions in accordance with the resolution presented by the Committee on Credentials and adopted by the Conference. The observers and their alternates are listed below:

*Economic, Financial, and Transit Department of the League of Nations*

ALEXANDER LOVEDAY, Director  
 RAGNAR NURKSE; *Alternate*

*International Labor Office*

EDWARD J. PHELAN, Acting Director  
 C. WILFRED JENKS, Legal Adviser; *and*  
 E. J. RICHES, Acting Chief, Economic and Statistical Section; *Alternates*

*United Nations Interim Commission on Food and Agriculture*

EDWARD TWENTYMAN, Delegate from the United Kingdom

*United Nations Relief and Rehabilitation Administration*

A. H. FELLER, General Counsel; or  
MIECZYSLAW SOKOLOWSKI, Financial Adviser

† Warren Kelchner, Chief of the Division of International Conferences, Department of State of the United States, was designated, with the approval of the President of the United States, as Secretary General of the Conference; Frank Coe, Assistant Administrator, Foreign Economic Administration of the United States, as Technical Secretary General; and Philip C. Jessup, Professor of International Law at Columbia University, New York, New York, as Assistant Secretary General.

The Honorable Henry Morgenthau, Jr., Chairman of the Delegation of the United States of America, was elected permanent President of the Conference at the Inaugural Plenary Session held on July 1, 1944.

M. S. Stepanov, the Chairman of the Delegation of the Union of Soviet Socialist Republics; Arthur de Souza Costa, the Chairman of the Delegation of Brazil; Camille Gutt, the Chairman of the Delegation of Belgium; and Leslie G. Melville, the Chairman of the Delegation of Australia, were elected Vice Presidents of the Conference.

The Temporary President appointed the following members of the General Committees constituted by the Conference:

## COMMITTEE ON CREDENTIALS

E. I. MONTOLIEU (Cuba), *Chairman*  
J. W. BEYEN (Netherlands)  
S. F. N. GIE (South Africa)  
WILLIAM E. DENNIS (Liberia)  
WILHELM KEILHAU (Norway)

## COMMITTEE ON RULES AND REGULATIONS

HSIANG-HSI K'UNG (China), *Chairman*  
GUILLERMO SEVILLA SACASA (Nicaragua)  
LUDWIK GROSFELD (Poland)  
LESLIE G. MELVILLE (Australia)  
IBRAHIM KAMAL (Iraq)

## COMMITTEE ON NOMINATIONS

WALTER NASH (New Zealand), *Chairman*  
HUGUES LE GALLAIS (Luxembourg)  
JULIÁN R. CÁCERES (Honduras)  
MAGNÚS SIGURDSSON (Iceland)  
PEDRO BELTRÁN (Peru)

In accordance with the regulations adopted at the Second Plenary Session, held on July 3, 1944, the Conference elected a Steering Committee which was composed of the following Chairmen of Delegations:

HENRY MORGENTHAU, JR. (U.S.A.), *Chairman*  
 CAMILLE GUTT (Belgium)  
 ARTHUR DE SOUZA COSTA (Brazil)  
 J. L. ILSLEY (Canada)  
 HSIANG-HSI K'UNG (China)  
 CARLOS LLERAS RESTREPO (Colombia)  
 PIERRE MENDES-FRANCE (French Delegation)  
 ABOL HASSAN EBTEHAJ (Iran)  
 EDUARDO SUÁREZ (Mexico)  
 M. S. STEPANOV (U.S.S.R.)  
 LORD KEYNES (U.K.)

On July 21, 1944, the Coordinating Committee was constituted with the following membership:

FRED M. VINSON (U. S. A.), *Chairman*  
 ARTHUR DE SOUZA COSTA (Brazil)  
 PING-WEN KUO (China)  
 ROBERT MOSSÉ (French Delegation)  
 EDUARDO SUÁREZ (Mexico)  
 A. A. ARUTUNIAN (U. S. S. R.)  
 LIONEL ROBBINS (U. K.)

The Conference was divided into three Technical Commissions. The officers of these Commissions and of their respective Committees, as elected by the Conference, are listed below:

## COMMISSION I

### INTERNATIONAL MONETARY FUND

*Chairman:* HARRY D. WHITE (U. S. A.)  
*Vice Chairman:* RODOLFO ROJAS (Venezuela)  
*Reporting Delegate:* L. RASMINSKY (Canada)  
*Secretary:* LEROY D. STINEBOWER  
*Assistant Secretary:* ELEANOR LANSING DULLES

#### COMMITTEE 1—Purposes, Policies, and Quotas of the Fund

*Chairman:* TINGFU F. TSIANG (China)  
*Reporting Delegate:* KYRIAKOS VARVARESSOS (Greece)  
*Secretary:* WILLIAM ADAMS BROWN, JR.

#### COMMITTEE 2—Operations of the Fund

*Chairman:* P. A. MALETIN (U. S. S. R.)  
*Vice Chairman:* W. A. MACKINTOSH (Canada)  
*Reporting Delegate:* ROBERT MOSSÉ (French Delegation)  
*Secretary:* KARL BOFF  
*Assistant Secretary:* ALICE BOURNEUF



**COMMITTEE 3—Organization and Management**

*Chairman:* ARTHUR DE SOUZA COSTA (Brazil)  
*Reporting Delegate:* ERVIN HEXNER (Czechoslovakia)  
*Secretary:* MALCOLM BRYAN  
*Assistant Secretary:* H. J. BITTERMANN

**COMMITTEE 4—Form and Status of the Fund**

*Chairman:* MANUEL B. LLOSA (Peru)  
*Reporting Delegate:* WILHELM KEILHAU (Norway)  
*Secretary:* COLONEL CHARLES H. DYSON  
*Assistant Secretary:* LAUREN CASADAY

**COMMISSION II****BANK FOR RECONSTRUCTION AND DEVELOPMENT**

*Chairman:* LORD KEYNES (U. K.)  
*Vice Chairman:* LUIS ALAMOS BARROS (Chile)  
*Reporting Delegate:* GEORGES THEUNIS (Belgium)  
*Secretary:* ARTHUR UPGREN  
*Secretary:* ARTHUR SMITHIES  
*Assistant Secretary:* RUTH RUSSELL

**COMMITTEE 1—Purposes, Policies, and Capital of the Bank**

*Chairman:* J. W. BEYEN (Netherlands)  
*Reporting Delegate:* J. RAFAEL OREAMUNO (Costa Rica)  
*Secretary:* J. P. YOUNG  
*Assistant Secretary:* JANET SUNDELSON

**COMMITTEE 2—Operations of the Bank**

*Chairman:* E. I. MONTOLIEU (Cuba)  
*Reporting Delegate:* JAMES B. BRIGDEN (Australia)  
*Secretary:* H. J. BITTERMANN  
*Assistant Secretary:* RUTH RUSSELL

**COMMITTEE 3—Organization and Management**

*Chairman:* MIGUEL LÓPEZ PUMAREJO (Colombia)  
*Reporting Delegate:* M. H. DE KOCK (South Africa)  
*Secretary:* MORDECAI EZEKIEL  
*Assistant Secretary:* CAPTAIN WILLIAM L. ULLMANN

**COMMITTEE 4—Form and Status of the Bank**

*Chairman:* SIR CHINTAMAN D. DESHMUKH (India)  
*Reporting Delegate:* LEON BARAŃSKI (Poland)  
*Secretary:* HENRY EDMISTON  
*Assistant Secretary:* COLONEL CHARLES H. DYSON

**COMMISSION III****OTHER MEANS OF INTERNATIONAL FINANCIAL COOPERATION**

*Chairman:* EDUARDO SUÁREZ (Mexico)  
*Vice Chairman:* MAHMOUD SALEH EL FALAKY (Egypt)  
*Reporting Delegate:* ALAN G. B. FISHER (New Zealand)  
*Secretary:* ORVIS SCHMIDT

The Final Plenary Session was held on July 22, 1944. As a result of the deliberations, as recorded in the minutes and reports of the respective Commissions and their Committees and of the Plenary Sessions, the following instruments were drawn up:

### *INTERNATIONAL MONETARY FUND*

Articles of Agreement of the International Monetary Fund, which are attached hereto as Annex A,

### *INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT*

Articles of Agreement of the International Bank for Reconstruction and Development, which are attached hereto as Annex B.

Summary of the Agreements in Annex A and Annex B, which is attached hereto as Annex C.

The following resolutions, statement, and recommendations were adopted:

#### I

### PREPARATION OF THE FINAL ACT

#### *The United Nations Monetary and Financial Conference*

#### RESOLVES:

That the Secretariat be authorized to prepare the Final Act in accordance with the suggestions proposed by the Secretary General in *Journal*, No. 19, July 19, 1944;

That the Final Act contain the definitive texts of the conclusions approved by the Conference in plenary session, and that no changes be made therein at the Closing Plenary Session;

That the Coordinating Committee review the text and, if approved, submit it to the Final Plenary Session.

#### II

### PUBLICATION OF DOCUMENTATION

#### *The United Nations Monetary and Financial Conference -*

#### RESOLVES:

That the Government of the United States of America be authorized to publish the Final Act of this Conference; the Reports of the Commissions; the Minutes of the Public Plenary Sessions; and to make available for publication such additional documents in connection with the work of this Conference as in its judgment may be considered in the public interest.

## III

## NOTIFICATION OF SIGNATURES AND CUSTODY OF DEPOSITS

*The United Nations Monetary and Financial Conference*

## RESOLVES:

To request the Government of the United States of America

(1) as depository of the Articles of Agreement of the International Monetary Fund, to inform the Governments of all countries whose names are set forth in Schedule A of the Articles of Agreement of the International Monetary Fund, and all Governments whose membership is approved in accordance with Article II, Section 2, of all signatures of the Articles of Agreement; and

(2) to receive and to hold in a special deposit account gold or United States dollars transmitted to it in accordance with Article XX, Section 2 (d), of the Articles of Agreement of the International Monetary Fund, and to transmit such funds to the Board of Governors of the Fund when the initial meeting has been called.

## IV

## STATEMENT REGARDING SILVER

The problems confronting some nations as a result of the wide fluctuation in the value of silver were the subject of serious discussion in Commission III. Due to the shortage of time, the magnitude of the other problems on the agenda, and other limiting considerations, it was impossible to give sufficient attention to this problem at this time in order to make definite recommendations. However, it was the sense of Commission III that the subject should merit further study by the interested nations.

## V

## LIQUIDATION OF THE BANK FOR INTERNATIONAL SETTLEMENTS

*The United Nations Monetary and Financial Conference*

## RECOMMENDS:

The liquidation of the Bank for International Settlements at the earliest possible moment.

## VI

## ENEMY ASSETS AND LOOTED PROPERTY

Whereas, in anticipation of their impending defeat, enemy leaders, enemy nationals and their collaborators are transferring assets to and through neutral countries in order to conceal them and to perpetuate their influence, power, and ability to plan future aggrandizement and

world domination, thus jeopardizing the efforts of the United Nations to establish and permanently maintain peaceful international relations;

Whereas, enemy countries and their nationals have taken the property of occupied countries and their nationals by open looting and plunder, by forcing transfers under duress, as well as by subtle and complex devices, often operated through the agency of their puppet governments, to give the cloak of legality to their robbery and to secure ownership and control of enterprises in the post-war period;

Whereas, enemy countries and their nationals have also, through sales and other methods of transfer, run the chain of their ownership and control through occupied and neutral countries, thus making the problem of disclosure and disentanglement one of international character;

Whereas, the United Nations have declared their intention to do their utmost to defeat the methods of dispossession practiced by the enemy, have reserved their right to declare invalid any transfers of property belonging to persons within occupied territory, and have taken measures to protect and safeguard property, within their respective jurisdictions, owned by occupied countries and their nationals, as well as to prevent the disposal of looted property in United Nations markets; therefore

*The United Nations Monetary and Financial Conference*

1. Takes note of and fully supports steps taken by the United Nations for the purpose of:

- (a) uncovering, segregating, controlling, and making appropriate disposition of enemy assets;
- (b) preventing the liquidation of property looted by the enemy, locating and tracing ownership and control of such looted property, and taking appropriate measures with a view to restoration to its lawful owners;

2. RECOMMENDS:

That all Governments of countries represented at this Conference take action consistent with their relations with the countries at war to call upon the Governments of neutral countries

- (a) to take immediate measures to prevent any disposition or transfer within territories subject to their jurisdiction of any
  - (1) assets belonging to the Government or any individuals or institutions within those United Nations occupied by the enemy; and
  - (2) looted gold, currency, art objects, securities, other evidences of ownership in financial or business enterprises, and of other assets looted by the enemy;
 as well as to uncover, segregate and hold at the disposition

- of the post-liberation authorities in the appropriate country any such assets within territory subject to their jurisdiction;
- (b) to take immediate measures to prevent the concealment by fraudulent means or otherwise within countries subject to their jurisdiction of any
- (1) assets belonging to, or alleged to belong to, the Government of and individuals or institutions within enemy countries;
  - (2) assets belonging to, or alleged to belong to, enemy leaders, their associates and collaborators; and
- to facilitate their ultimate delivery to the post-armistice authorities.

## VII

### INTERNATIONAL ECONOMIC PROBLEMS

Whereas, in Article I of the Articles of Agreement of the International Monetary Fund it is stated that one of the principal purposes of the Fund is to facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members as primary objectives of economic policy;

Whereas, it is recognized that the complete attainment of this and other purposes and objectives stated in the Agreement cannot be achieved through the instrumentality of the Fund alone; therefore

#### *The United Nations Monetary and Financial Conference*

#### RECOMMENDS:

To the participating Governments that, in addition to implementing the specific monetary and financial measures which were the subject of this Conference, they seek, with a view to creating in the field of international economic relations conditions necessary for the attainment of the purposes of the Fund and of the broader primary objectives of economic policy, to reach agreement as soon as possible on ways and means whereby they may best:

- (1) reduce obstacles to international trade and in other ways promote mutually advantageous international commercial relations;
- (2) bring about the orderly marketing of staple commodities at prices fair to the producer and consumer alike;
- (3) deal with the special problems of international concern which will arise from the cessation of production for war purposes; and
- (4) facilitate by cooperative effort the harmonization of national policies of Member States designed to promote and maintain high levels of employment and progressively rising standards of living.

## VIII

*The United Nations Monetary and Financial Conference***RESOLVES:**

1. To express its gratitude to the President of the United States, Franklin D. Roosevelt, for his initiative in convening the present Conference and for its preparation;
2. To express to its President, The Honorable Henry Morgenthau, Jr., its deep appreciation for the admirable manner in which he has guided the Conference;
3. To express to the Officers and Staff of the Secretariat its appreciation for their untiring services and diligent efforts in contributing to the attainment of the objectives of the Conference.

IN WITNESS WHEREOF, the following delegates sign the present Final Act.

DONE at Bretton Woods, New Hampshire, on the twenty-second day of July, nineteen hundred and forty-four, in the English language, the original to be deposited in the archives of the Department of State of the United States, and certified copies thereof to be furnished by the Government of the United States of America to each of the Governments and Authorities represented at the Conference.

For AUSTRALIA:

L. G. MELVILLE.

For purpose of certification

For BELGIUM:

GUTT

For BOLIVIA:

R BALLIVIAN

For BRAZIL:

A. DE SZA. COSTA

For CANADA:

W A MACKINTOSH.

For CHILE:

LUIS ALAMOS

For CHINA:

K'UNG HSIANG HSI [SEAL]

For COLOMBIA:

CARLOS LLERAS RESTREPO.

For COSTA RICA:

LUIS D. TINOCO C

For CUBA:

E I MONTOLIEU

- For CZECHOSLOVAKIA:  
L FEIERABEND
- For THE DOMINICAN REPUBLIC:  
A. COPELLO
- For ECUADOR:  
E. F. CARBO.
- For EGYPT:  
S. LACKANY
- For EL SALVADOR:  
AG. ALFARO.
- For ETHIOPIA:  
EPHREM T. MEDHEN
- For THE FRENCH DELEGATION:  
MENDES FRANCE
- For GREECE:  
K. VARVARESSOS
- For GUATEMALA:  
M NORIEGA M
- For HAITI:  
A. LIAUTAUD
- For HONDURAS:  
JULIÁN R. CÁCERES
- For ICELAND:  
MAGNÚS SIGURDSSON.
- For INDIA:  
A J RAISMAN
- For IRAN:  
DR. TAGHI NASSR
- For IRAQ:  
IBRAHIM KAMAL
- For LIBERIA:  
WILLIAM E DENNIS
- For LUXEMBOURG:  
HUGUES LEGALLAIS
- For MEXICO:  
EDUARDO SUÁREZ
- For THE NETHERLANDS:  
J. W. BEYEN
- For NEW ZEALAND:  
E C FUSSELL

- For NICARAGUA:  
GUILLERMO SEVILLA SACASA
- For NORWAY:  
WILHELM KEILHAU
- For PANAMA:  
A. G. ARANGO
- For PARAGUAY:  
N. CAMPOS ROS
- For PERU:  
P. G. BELTRÁN
- For THE PHILIPPINE COMMONWEALTH:  
A SORIANO
- For POLAND:  
LUDWIK GROSFELD
- For THE UNION OF SOUTH AFRICA:  
S. F. N. GIE
- For THE UNION OF SOVIET SOCIALIST REPUBLICS:  
M. S. STEPANOV
- For THE UNITED KINGDOM:  
KEYNES
- For THE UNITED STATES OF AMERICA:  
HENRY MORGENTHAU JR.
- For URUGUAY:  
MARIO LA GAMMA
- For VENEZUELA:

The Venezuelan Delegation wishes to express that its signing of this Act does not imply any recommendation to its Government as to the acceptance of the documents herein contained. The Venezuelan Delegation shall present to its Government these documents for their careful examination within the broad spirit of collaboration that has always guided the acts of our Government.

RODOLFO ROJAS

- For YUGOSLAVIA:  
DR. VLADIMIR RYBÁŘ

[ SEAL ]

WARREN KELCHNER  
*Secretary General*



# Annex A

## ARTICLES OF AGREEMENT OF THE INTERNATIONAL MONETARY FUND

The Governments on whose behalf the present Agreement is signed agree as follows:

### INTRODUCTORY ARTICLE

The International Monetary Fund is established and shall operate in accordance with the following provisions:

### ARTICLE I PURPOSES

The purposes of the International Monetary Fund are:

- (i) To promote international monetary cooperation through a permanent institution which provides the machinery for consultation and collaboration on international monetary problems.
- (ii) To facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members as primary objectives of economic policy.
- (iii) To promote exchange stability, to maintain orderly exchange arrangements among members, and to avoid competitive exchange depreciation.
- (iv) To assist in the establishment of a multilateral system of payments in respect of current transactions between members and in the elimination of foreign exchange restrictions which hamper the growth of world trade.
- (v) To give confidence to members by making the Fund's resources available to them under adequate safeguards, thus providing them with opportunity to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity.
- (vi) In accordance with the above, to shorten the duration and lessen the degree of disequilibrium in the international balances of payments of members.

The Fund shall be guided in all its decisions by the purposes set forth in this Article.

ARTICLE II  
MEMBERSHIP

Section 1. *Original members*

The original members of the Fund shall be those of the countries represented at the United Nations Monetary and Financial Conference whose governments accept membership before the date specified in Article XX, Section 2 (e).

Section 2. *Other members*

Membership shall be open to the governments of other countries at such times and in accordance with such terms as may be prescribed by the Fund.

ARTICLE III  
QUOTAS AND SUBSCRIPTIONS

Section 1. *Quotas*

Each member shall be assigned a quota. The quotas of the members represented at the United Nations Monetary and Financial Conference which accept membership before the date specified in Article XX, Section 2 (e), shall be those set forth in Schedule A. The quotas of other members shall be determined by the Fund.

Section 2. *Adjustment of quotas*

The Fund shall at intervals of five years review, and if it deems it appropriate propose an adjustment of, the quotas of the members. It may also, if it thinks fit, consider at any other time the adjustment of any particular quota at the request of the member concerned. A four-fifths majority of the total voting power shall be required for any change in quotas and no quota shall be changed without the consent of the member concerned.

Section 3. *Subscriptions: time, place, and form of payment*

(a) The subscription of each member shall be equal to its quota and shall be paid in full to the Fund at the appropriate depository on or before the date when the member becomes eligible under Article XX, Section 4 (c) or (d), to buy currencies from the Fund.

(b) Each member shall pay in gold, as a minimum, the smaller of

- (i) twenty-five percent of its quota; or
- (ii) ten percent of its net official holdings of gold and United States dollars as at the date when the Fund notifies members under Article XX, Section 4 (a) that it will shortly be in a position to begin exchange transactions.

Each member shall furnish to the Fund the data necessary to determine its net official holdings of gold and United States dollars.

(c) Each member shall pay the balance of its quota in its own currency.

(d) If the net official holdings of gold and United States dollars of any member as at the date referred to in (b) (ii) above are not ascertainable because its territories have been occupied by the enemy, the Fund shall fix an appropriate alternative date for determining such holdings. If such date is later than that on which the country becomes eligible under Article XX, Section 4 (c) or (d), to buy currencies from the Fund, the Fund and the member shall agree on a provisional gold payment to be made under (b) above, and the balance of the member's subscription shall be paid in the member's currency, subject to appropriate adjustment between the member and the Fund when the net official holdings have been ascertained.

#### Section 4. *Payments when quotas are changed*

(a) Each member which consents to an increase in its quota shall, within thirty days after the date of its consent, pay to the Fund twenty-five percent of the increase in gold and the balance in its own currency. If, however, on the date when the member consents to an increase, its monetary reserves are less than its new quota, the Fund may reduce the proportion of the increase to be paid in gold.

(b) If a member consents to a reduction in its quota, the Fund shall, within thirty days after the date of the consent, pay to the member an amount equal to the reduction. The payment shall be made in the member's currency and in such amount of gold as may be necessary to prevent reducing the Fund's holdings of the currency below seventy-five percent of the new quota.

#### Section 5. *Substitution of securities for currency*

The Fund shall accept from any member in place of any part of the member's currency which in the judgment of the Fund is not needed for its operations, notes or similar obligations issued by the member or the depository designated by the member under Article XIII, Section 2, which shall be non-negotiable, non-interest bearing and payable at their par value on demand by crediting the account of the Fund in the designated depository. This Section shall apply not only to currency subscribed by members but also to any currency otherwise due to, or acquired by, the Fund.

## ARTICLE IV

## PAR VALUES OF CURRENCIES

Section 1. *Expression of par values*

(a) The par value of the currency of each member shall be expressed in terms of gold as a common denominator or in terms of the United States dollar of the weight and fineness in effect on July 1, 1944.

(b) All computations relating to currencies of members for the purpose of applying the provisions of this Agreement shall be on the basis of their par values.

Section 2. *Gold purchases based on par values*

The Fund shall prescribe a margin above and below par value for transactions in gold by members, and no member shall buy gold at a price above par value plus the prescribed margin, or sell gold at a price below par value minus the prescribed margin.

Section 3. *Foreign exchange dealings based on parity*

The maximum and the minimum rates for exchange transactions between the currencies of members taking place within their territories shall not differ from parity

- (i) in the case of spot exchange transactions, by more than one percent; and
- (ii) in the case of other exchange transactions, by a margin which exceeds the margin for spot exchange transactions by more than the Fund considers reasonable.

Section 4. *Obligations regarding exchange stability*

(a) Each member undertakes to collaborate with the Fund to promote exchange stability, to maintain orderly exchange arrangements with other members, and to avoid competitive exchange alterations.

(b) Each member undertakes, through appropriate measures consistent with this Agreement, to permit within its territories exchange transactions between its currency and the currencies of other members only within the limits prescribed under Section 3 of this Article. A member whose monetary authorities, for the settlement of international transactions, in fact freely buy and sell gold within the limits prescribed by the Fund under Section 2 of this Article shall be deemed to be fulfilling this undertaking.

Section 5. *Changes in par values*

(a) A member shall not propose a change in the par value of its currency except to correct a fundamental disequilibrium.

(b) A change in the par value of a member's currency may be made only on the proposal of the member and only after consultation with the Fund:

(c) When a change is proposed, the Fund shall first take into account the changes, if any, which have already taken place in the initial par value of the member's currency as determined under Article XX, Section 4. If the proposed change, together with all previous changes, whether increases or decreases,

- (i) does not exceed ten percent of the initial par value, the Fund shall raise no objection,
- (ii) does not exceed a further ten percent of the initial par value, the Fund may either concur or object, but shall declare its attitude within seventy-two hours if the member so requests,
- (iii) is not within (i) or (ii) above, the Fund may either concur or object, but shall be entitled to a longer period in which to declare its attitude.

(d) Uniform changes in par values made under Section 7 of this Article shall not be taken into account in determining whether a proposed change falls within (i), (ii), or (iii) of (c) above.

(e) A member may change the par value of its currency without the concurrence of the Fund if the change does not affect the international transactions of members of the Fund.

(f) The Fund shall concur in a proposed change which is within the terms of (c) (ii) or (c) (iii) above if it is satisfied that the change is necessary to correct a fundamental disequilibrium. In particular, provided it is so satisfied, it shall not object to a proposed change because of the domestic social or political policies of the member proposing the change.

#### Section 6. *Effect of unauthorized changes*

If a member changes the par value of its currency despite the objection of the Fund, in cases where the Fund is entitled to object, the member shall be ineligible to use the resources of the Fund unless the Fund otherwise determines; and if, after the expiration of a reasonable period, the difference between the member and the Fund continues, the matter shall be subject to the provisions of Article XV, Section 2 (b).

#### Section 7. *Uniform changes in par values*

Notwithstanding the provisions of Section 5 (b) of this Article, the Fund by a majority of the total voting power may make uniform proportionate changes in the par values of the currencies of all members, provided each such change is approved by every member which has ten percent or more of the total of the quotas. The par value of a

member's currency shall, however, not be changed under this provision if, within seventy-two hours of the Fund's action, the member informs the Fund that it does not wish the par value of its currency to be changed by such action.

#### Section 8. *Maintenance of gold value of the Fund's assets*

(a) The gold value of the Fund's assets shall be maintained notwithstanding changes in the par or foreign exchange value of the currency of any member.

(b) Whenever (i) the par value of a member's currency is reduced, or (ii) the foreign exchange value of a member's currency has, in the opinion of the Fund, depreciated to a significant extent within that member's territories, the member shall pay to the Fund within a reasonable time an amount of its own currency equal to the reduction in the gold value of its currency held by the Fund.

(c) Whenever the par value of a member's currency is increased, the Fund shall return to such member within a reasonable time an amount in its currency equal to the increase in the gold value of its currency held by the Fund.

(d) The provisions of this Section shall apply to a uniform proportionate change in the par values of the currencies of all members, unless at the time when such a change is proposed the Fund decides otherwise.

#### Section 9. *Separate currencies within a member's territories*

A member proposing a change in the par value of its currency shall be deemed, unless it declares otherwise, to be proposing a corresponding change in the par value of the separate currencies of all territories in respect of which it has accepted this Agreement under Article XX, Section 2 (g). It shall, however, be open to a member to declare that its proposal relates either to the metropolitan currency alone, or only to one or more specified separate currencies, or to the metropolitan currency and one or more specified separate currencies.

### ARTICLE V

#### TRANSACTIONS WITH THE FUND

##### Section 1. *Agencies dealing with the Fund*

Each member shall deal with the Fund only through its Treasury, central bank, stabilization fund or other similar fiscal agency and the Fund shall deal only with or through the same agencies.

##### Section 2. *Limitation on the Fund's operations*

Except as otherwise provided in this Agreement, operations on the account of the Fund shall be limited to transactions for the purpose

of supplying a member, on the initiative of such member, with the currency of another member in exchange for gold or for the currency of the member desiring to make the purchase.

### Section 3. *Conditions governing use of the Fund's resources*

(a) A member shall be entitled to buy the currency of another member from the Fund in exchange for its own currency subject to the following conditions:

- (i) The member desiring to purchase the currency represents that it is presently needed for making in that currency payments which are consistent with the provisions of this Agreement;
- (ii) The Fund has not given notice under Article VII, Section 3, that its holdings of the currency desired have become scarce;
- (iii) The proposed purchase would not cause the Fund's holdings of the purchasing member's currency to increase by more than twenty-five percent of its quota during the period of twelve months ending on the date of the purchase nor to exceed two hundred percent of its quota, but the twenty-five percent limitation shall apply only to the extent that the Fund's holdings of the member's currency have been brought above seventy-five percent of its quota if they had been below that amount;
- (iv) The Fund has not previously declared under Section 5 of this Article, Article IV, Section 6, Article VI, Section 1, or Article XV, Section 2 (a), that the member desiring to purchase is ineligible to use the resources of the Fund.

(b) A member shall not be entitled without the permission of the Fund to use the Fund's resources to acquire currency to hold against forward exchange transactions.

### Section 4. *Waiver of conditions*

The Fund may in its discretion, and on terms which safeguard its interests, waive any of the conditions prescribed in Section 3 (a) of this Article, especially in the case of members with a record of avoiding large or continuous use of the Fund's resources. In making a waiver it shall take into consideration periodic or exceptional requirements of the member requesting the waiver. The Fund shall also take into consideration a member's willingness to pledge as collateral security gold, silver, securities, or other acceptable assets having a value sufficient in the opinion of the Fund to protect its interests and may require as a condition of waiver the pledge of such collateral security.

**Section 5. *Ineligibility to use the Fund's resources***

Whenever the Fund is of the opinion that any member is using the resources of the Fund in a manner contrary to the purposes of the Fund, it shall present to the member a report setting forth the views of the Fund and prescribing a suitable time for reply. After presenting such a report to a member, the Fund may limit the use of its resources by the member. If no reply to the report is received from the member within the prescribed time, or if the reply received is unsatisfactory, the Fund may continue to limit the member's use of the Fund's resources or may, after giving reasonable notice to the member, declare it ineligible to use the resources of the Fund.

**Section 6. *Purchases of currencies from the Fund for gold***

(a) Any member desiring to obtain, directly or indirectly, the currency of another member for gold shall, provided that it can do so with equal advantage, acquire it by the sale of gold to the Fund.

(b) Nothing in this Section shall be deemed to preclude any member from selling in any market gold newly produced from mines located within its territories.

**Section 7. *Repurchase by a member of its currency held by the Fund***

(a) A member may repurchase from the Fund and the Fund shall sell for gold any part of the Fund's holdings of its currency in excess of its quota.

(b) At the end of each financial year of the Fund, a member shall repurchase from the Fund with gold or convertible currencies, as determined in accordance with Schedule B, part of the Fund's holdings of its currency under the following conditions:

- (i) Each member shall use in repurchases of its own currency from the Fund an amount of its monetary reserves equal in value to one-half of any increase that has occurred during the year in the Fund's holdings of its currency plus one-half of any increase, or minus one-half of any decrease, that has occurred during the year in the member's monetary reserves. This rule shall not apply when a member's monetary reserves have decreased during the year by more than the Fund's holdings of its currency have increased.
- (ii) If after the repurchase described in (i) above (if required) has been made, a member's holdings of another member's currency (or of gold acquired from that member) are found to have increased by reason of transactions in terms of that currency with other members or persons in their territories, the member whose holdings of such currency (or gold) have thus increased shall use the increase to repurchase its own currency from the Fund.



(c) None of the adjustments described in (b) above shall be carried to a point at which

- (i) the member's monetary reserves are below its quota, or
- (ii) the Fund's holdings of its currency are below seventy-five percent of its quota, or
- (iii) the Fund's holdings of any currency required to be used are above seventy-five percent of the quota of the member concerned.

### Section 8. *Charges*

(a) Any member buying the currency of another member from the Fund in exchange for its own currency shall pay a service charge uniform for all members of three-fourths percent in addition to the parity price. The Fund in its discretion may increase this service charge to not more than one percent or reduce it to not less than one-half percent.

(b) The Fund may levy a reasonable handling charge on any member buying gold from the Fund or selling gold to the Fund.

(c) The Fund shall levy charges uniform for all members which shall be payable by any member on the average daily balances of its currency held by the Fund in excess of its quota. These charges shall be at the following rates:

- (i) *On amounts not more than twenty-five percent in excess of the quota:* no charge for the first three months; one-half percent per annum for the next nine months; and thereafter an increase in the charge of one-half percent for each subsequent year.
- (ii) *On amounts more than twenty-five percent and not more than fifty percent in excess of the quota:* an additional one-half percent for the first year; and an additional one-half percent for each subsequent year.
- (iii) *On each additional bracket of twenty-five percent in excess of the quota:* an additional one-half percent for the first year; and an additional one-half percent for each subsequent year.

(d) Whenever the Fund's holdings of a member's currency are such that the charge applicable to any bracket for any period has reached the rate of four percent per annum, the Fund and the member shall consider means by which the Fund's holdings of the currency can be reduced. Thereafter, the charges shall rise in accordance with the provisions of (c) above until they reach five percent and failing agreement, the Fund may then impose such charges as it deems appropriate.

(e) The rates referred to in (c) and (d) above may be changed by a three-fourths majority of the total voting power.

(f) All charges shall be paid in gold. If, however, the member's monetary reserves are less than one-half of its quota, it shall pay in gold only that proportion of the charges due which such reserves bear to one-half of its quota, and shall pay the balance in its own currency.

## ARTICLE VI

### CAPITAL TRANSFERS

#### Section 1. *Use of the Fund's resources for capital transfers*

(a) A member may not make net use of the Fund's resources to meet a large or sustained outflow of capital, and the Fund may request a member to exercise controls to prevent such use of the resources of the Fund. If, after receiving such a request, a member fails to exercise appropriate controls, the Fund may declare the member ineligible to use the resources of the Fund.

(b) Nothing in this Section shall be deemed

- (i) to prevent the use of the resources of the Fund for capital transactions of reasonable amount required for the expansion of exports or in the ordinary course of trade, banking or other business, or
- (ii) to affect capital movements which are met out of a member's own resources of gold and foreign exchange, but members undertake that such capital movements will be in accordance with the purposes of the Fund.

#### Section 2. *Special provisions for capital transfers*

If the Fund's holdings of the currency of a member have remained below seventy-five percent of its quota for an immediately preceding period of not less than six months, such member, if it has not been declared ineligible to use the resources of the Fund under Section 1 of this Article, Article IV, Section 6, Article V, Section 5, or Article XV, Section 2 (a), shall be entitled, notwithstanding the provisions of Section 1 (a) of this Article, to buy the currency of another member from the Fund with its own currency for any purpose, including capital transfers. Purchases for capital transfers under this Section shall not, however, be permitted if they have the effect of raising the Fund's holdings of the currency of the member desiring to purchase above seventy-five percent of its quota, or of reducing the Fund's holdings of the currency desired below seventy-five percent of the quota of the member whose currency is desired.

#### Section 3. *Controls of capital transfers*

Members may exercise such controls as are necessary to regulate international capital movements, but no member may exercise these controls in a manner which will restrict payments for current trans-

actions or which will unduly delay transfers of funds in settlement of commitments, except as provided in Article VII, Section 3 (b), and in Article XIV, Section 2.

## ARTICLE VII

### SCARCE CURRENCIES

#### Section 1. *General scarcity of currency*

If the Fund finds that a general scarcity of a particular currency is developing, the Fund may so inform members and may issue a report setting forth the causes of the scarcity and containing recommendations designed to bring it to an end. A representative of the member whose currency is involved shall participate in the preparation of the report.

#### Section 2. *Measures to replenish the Fund's holdings of scarce currencies*

The Fund may, if it deems such action appropriate to replenish its holdings of any member's currency, take either or both of the following steps:

- (i) Propose to the member that, on terms and conditions agreed between the Fund and the member, the latter lend its currency to the Fund or that, with the approval of the member, the Fund borrow such currency from some other source either within or outside the territories of the member, but no member shall be under any obligation to make such loans to the Fund or to approve the borrowing of its currency by the Fund from any other source.
- (ii) Require the member to sell its currency to the Fund for gold.

#### Section 3. *Scarcity of the Fund's holdings*

(a) If it becomes evident to the Fund that the demand for a member's currency seriously threatens the Fund's ability to supply that currency, the Fund, whether or not it has issued a report under Section 1 of this Article, shall formally declare such currency scarce and shall thenceforth apportion its existing and accruing supply of the scarce currency with due regard to the relative needs of members, the general international economic situation and any other pertinent considerations. The Fund shall also issue a report concerning its action.

(b) A formal declaration under (a) above shall operate as an authorization to any member, after consultation with the Fund, temporarily to impose limitations on the freedom of exchange operations in the scarce currency. Subject to the provisions of Article IV, Sections 3 and 4, the member shall have complete jurisdiction in determining the nature of such limitations, but they shall be no more

restrictive than is necessary to limit the demand for the scarce currency to the supply held by, or accruing to, the member in question; and they shall be relaxed and removed as rapidly as conditions permit.

(c) The authorization under (b) above shall expire whenever the Fund formally declares the currency in question to be no longer scarce.

#### Section 4. *Administration of restrictions*

Any member imposing restrictions in respect of the currency of any other member pursuant to the provisions of Section 3 (b) of this Article shall give sympathetic consideration to any representations by the other member regarding the administration of such restrictions.

#### Section 5. *Effect of other international agreements on restrictions*

Members agree not to invoke the obligations of any engagements entered into with other members prior to this Agreement in such a manner as will prevent the operation of the provisions of this Article.

### ARTICLE VIII

#### GENERAL OBLIGATIONS OF MEMBERS

##### Section 1. *Introduction*

In addition to the obligations assumed under other articles of this Agreement, each member undertakes the obligations set out in this Article.

##### Section 2. *Avoidance of restrictions on current payments*

(a) Subject to the provisions of Article VII, Section 3 (b), and Article XIV, Section 2, no member shall, without the approval of the Fund, impose restrictions on the making of payments and transfers for current international transactions.

(b) Exchange contracts which involve the currency of any member and which are contrary to the exchange control regulations of that member maintained or imposed consistently with this Agreement shall be unenforceable in the territories of any member. In addition, members may, by mutual accord, co-operate in measures for the purpose of making the exchange control regulations of either member more effective, provided that such measures and regulations are consistent with this Agreement.

##### Section 3. *Avoidance of discriminatory currency practices*

No member shall engage in, or permit any of its fiscal agencies referred to in Article V, Section 1, to engage in, any discriminatory currency arrangements or multiple currency practices except as authorized under this Agreement or approved by the Fund. If such

arrangements and practices are engaged in at the date when this Agreement enters into force the member concerned shall consult with the Fund as to their progressive removal unless they are maintained or imposed under Article XIV, Section 2, in which case the provisions of Section 4 of that Article shall apply.

#### Section 4. *Convertibility of foreign held balances*

(a) Each member shall buy balances of its currency held by another member if the latter, in requesting the purchase, represents

- (i) that the balances to be bought have been recently acquired as a result of current transactions; or
- (ii) that their conversion is needed for making payments for current transactions.

The buying member shall have the option to pay either in the currency of the member making the request or in gold.

(b) The obligation in (a) above shall not apply

- (i) when the convertibility of the balances has been restricted consistently with Section 2 of this Article, or Article VI, Section 3; or
- (ii) when the balances have accumulated as a result of transactions effected before the removal by a member of restrictions maintained or imposed under Article XIV, Section 2; or
- (iii) when the balances have been acquired contrary to the exchange regulations of the member which is asked to buy them; or
- (iv) when the currency of the member requesting the purchase has been declared scarce under Article VII, Section 3 (a); or
- (v) when the member requested to make the purchase is for any reason not entitled to buy currencies of other members from the Fund for its own currency.

#### Section 5. *Furnishing of information*

(a) The Fund may require members to furnish it with such information as it deems necessary for its operations, including, as the minimum necessary for the effective discharge of the Fund's duties, national data on the following matters:

- (i) Official holdings at home and abroad, of (1) gold, (2) foreign exchange.
- (ii) Holdings at home and abroad by banking and financial agencies, other than official agencies, of (1) gold, (2) foreign exchange.
- (iii) Production of gold.

- (iv) Gold exports and imports according to countries of destination and origin.
- (v) Total exports and imports of merchandise, in terms of local currency values, according to countries of destination and origin.
- (vi) International balance of payments, including (1) trade in goods and services, (2) gold transactions, (3) known capital transactions, and (4) other items.
- (vii) International investment position, *i. e.*, investments within the territories of the member owned abroad and investments abroad owned by persons in its territories so far as it is possible to furnish this information.
- (viii) National income.
- (ix) Price indices, *i. e.*, indices of commodity prices in wholesale and retail markets and of export and import prices.
- (x) Buying and selling rates for foreign currencies.
- (xi) Exchange controls, *i. e.*, a comprehensive statement of exchange controls in effect at the time of assuming membership in the Fund and details of subsequent changes as they occur.
- (xii) Where official clearing arrangements exist, details of amounts awaiting clearance in respect of commercial and financial transactions, and of the length of time during which such arrears have been outstanding.

(b) In requesting information the Fund shall take into consideration the varying ability of members to furnish the data requested. Members shall be under no obligation to furnish information in such detail that the affairs of individuals or corporations are disclosed. Members undertake, however, to furnish the desired information in as detailed and accurate a manner as is practicable, and, so far as possible, to avoid mere estimates.

(c) The Fund may arrange to obtain further information by agreement with members. It shall act as a centre for the collection and exchange of information on monetary and financial problems, thus facilitating the preparation of studies designed to assist members in developing policies which further the purposes of the Fund.

#### Section 6. *Consultation between members regarding existing international agreements*

Where under this Agreement a member is authorized in the special or temporary circumstances specified in the Agreement to maintain or establish restrictions on exchange transactions, and there are other engagements between members entered into prior to this Agreement which conflict with the application of such restrictions, the parties

to such engagements will consult with one another with a view to making such mutually acceptable adjustments as may be necessary. The provisions of this Article shall be without prejudice to the operation of Article VII, Section 5.

## ARTICLE IX

### STATUS, IMMUNITIES AND PRIVILEGES

#### Section 1. *Purposes of Article*

To enable the Fund to fulfill the functions with which it is entrusted, the status, immunities and privileges set forth in this Article shall be accorded to the Fund in the territories of each member.

#### Section 2. *Status of the Fund*

The Fund shall possess full juridical personality, and, in particular, the capacity:

- (i) to contract;
- (ii) to acquire and dispose of immovable and movable property;
- (iii) to institute legal proceedings.

#### Section 3. *Immunity from judicial process*

The Fund, its property and its assets, wherever located and by whomsoever held, shall enjoy immunity from every form of judicial process except to the extent that it expressly waives its immunity for the purpose of any proceedings or by the terms of any contract.

#### Section 4. *Immunity from other action*

Property and assets of the Fund, wherever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation or any other form of seizure by executive or legislative action.

#### Section 5. *Immunity of archives*

The archives of the Fund shall be inviolable.

#### Section 6. *Freedom of assets from restrictions*

To the extent necessary to carry out the operations provided for in this Agreement, all property and assets of the Fund shall be free from restrictions, regulations, controls and moratoria of any nature.

#### Section 7. *Privilege for communications*

The official communications of the Fund shall be accorded by members the same treatment as the official communications of other members.

### Section 8. *Immunities and privileges of officers and employees*

All governors, executive directors, alternates, officers and employees of the Fund

- (i) shall be immune from legal process with respect to acts performed by them in their official capacity except when the Fund waives this immunity.
- (ii) not being local nationals, shall be granted the same immunities from immigration restrictions, alien registration requirements and national service obligations and the same facilities as regards exchange restrictions as are accorded by members to the representatives, officials, and employees of comparable rank of other members.
- (iii) shall be granted the same treatment in respect of travelling facilities as is accorded by members to representatives, officials and employees of comparable rank of other members.

### Section 9. *Immunities from taxation*

(a) The Fund, its assets, property, income and its operations and transactions authorized by this Agreement, shall be immune from all taxation and from all customs duties. The Fund shall also be immune from liability for the collection or payment of any tax or duty.

(b) No tax shall be levied on or in respect of salaries and emoluments paid by the Fund to executive directors, alternates, officers or employees of the Fund who are not local citizens, local subjects, or other local nationals.

(c) No taxation of any kind shall be levied on any obligation or security issued by the Fund, including any dividend or interest thereon, by whomsoever held

- (i) which discriminates against such obligation or security solely because of its origin; or
- (ii) if the sole jurisdictional basis for such taxation is the place or currency in which it is issued, made payable or paid, or the location of any office or place of business maintained by the Fund.

### Section 10. *Application of Article*

Each member shall take such action as is necessary in its own territories for the purpose of making effective in terms of its own law the principles set forth in this Article and shall inform the Fund of the detailed action which it has taken.



## ARTICLE X

## RELATIONS WITH OTHER INTERNATIONAL ORGANIZATIONS

The Fund shall cooperate within the terms of this Agreement with any general international organization and with public international organizations having specialized responsibilities in related fields. Any arrangements for such cooperation which would involve a modification of any provision of this Agreement may be effected only after amendment to this Agreement under Article XVII.

## ARTICLE XI

## RELATIONS WITH NON-MEMBER COUNTRIES

Section 1. *Undertakings regarding relations with non-member countries*

Each member undertakes:

- (i) Not to engage in, nor to permit any of its fiscal agencies referred to in Article V, Section 1, to engage in, any transactions with a non-member or with persons in a non-member's territories which would be contrary to the provisions of this Agreement or the purposes of the Fund;
- (ii) Not to cooperate with a non-member or with persons in a non-member's territories in practices which would be contrary to the provisions of this Agreement or the purposes of the Fund; and
- (iii) To cooperate with the Fund with a view to the application in its territories of appropriate measures to prevent transactions with non-members or with persons in their territories which would be contrary to the provisions of this Agreement or the purposes of the Fund.

Section 2. *Restrictions on transactions with non-member countries*

Nothing in this Agreement shall affect the right of any member to impose restrictions on exchange transactions with non-members or with persons in their territories unless the Fund finds that such restrictions prejudice the interests of members and are contrary to the purposes of the Fund.

## ARTICLE XII

## ORGANIZATION AND MANAGEMENT

Section 1. *Structure of the Fund*

The Fund shall have a Board of Governors, Executive Directors, a Managing Director and a staff.

## Section 2. *Board of Governors*

(a) All powers of the Fund shall be vested in the Board of Governors, consisting of one governor and one alternate appointed by each member in such manner as it may determine. Each governor and each alternate shall serve for five years, subject to the pleasure of the member appointing him, and may be reappointed. No alternate may vote except in the absence of his principal. The Board shall select one of the governors as chairman.

(b) The Board of Governors may delegate to the Executive Directors authority to exercise any powers of the Board, except the power to:

- (i) Admit new members and determine the conditions of their admission.
- (ii) Approve a revision of quotas.
- (iii) Approve a uniform change in the par value of the currencies of all members.
- (iv) Make arrangements to cooperate with other international organizations (other than informal arrangements of a temporary or administrative character).
- (v) Determine the distribution of the net income of the Fund.
- (vi) Require a member to withdraw.
- (vii) Decide to liquidate the Fund.
- (viii) Decide appeals from interpretations of this Agreement given by the Executive Directors.

(c) The Board of Governors shall hold an annual meeting and such other meetings as may be provided for by the Board or called by the Executive Directors. Meetings of the Board shall be called by the Directors whenever requested by five members or by members having one quarter of the total voting power.

(d) A quorum for any meeting of the Board of Governors shall be a majority of the governors exercising not less than two-thirds of the total voting power.

(e) Each governor shall be entitled to cast the number of votes allotted under Section 5 of this Article to the member appointing him.

(f) The Board of Governors may by regulation establish a procedure whereby the Executive Directors, when they deem such action to be in the best interests of the Fund, may obtain a vote of the governors on a specific question without calling a meeting of the Board.

(g) The Board of Governors, and the Executive Directors to the extent authorized, may adopt such rules and regulations as may be necessary or appropriate to conduct the business of the Fund.

(h) Governors and alternates shall serve as such without compensa-

tion from the Fund, but the Fund shall pay them reasonable expenses incurred in attending meetings.

(i) The Board of Governors shall determine the remuneration to be paid to the Executive Directors and the salary and terms of the contract of service of the Managing Director.

### Section 3. *Executive Directors*

(a) The Executive Directors shall be responsible for the conduct of the general operations of the Fund, and for this purpose shall exercise all the powers delegated to them by the Board of Governors.

(b) There shall be not less than twelve directors who need not be governors, and of whom

- (i) Five shall be appointed by the five members having the largest quotas;
- (ii) Not more than two shall be appointed when the provisions of (c) below apply;
- (iii) Five shall be elected by the members not entitled to appoint directors, other than the American Republics; and
- (iv) Two shall be elected by the American Republics not entitled to appoint directors.

For the purposes of this paragraph, members means governments of countries whose names are set forth in Schedule A, whether they become members in accordance with Article XX or in accordance with Article II, Section 2. When governments of other countries become members, the Board of Governors may, by a four-fifths majority of the total voting power, increase the number of directors to be elected.

(c) If, at the second regular election of directors and thereafter, the members entitled to appoint directors under (b) (i) above do not include the two members, the holdings of whose currencies by the Fund have been, on the average over the preceding two years, reduced below their quotas by the largest absolute amounts in terms of gold as a common denominator, either one or both of such members, as the case may be, shall be entitled to appoint a director.

(d) Subject to Article XX, Section 3 (b) elections of elective directors shall be conducted at intervals of two years in accordance with the provisions of Schedule C, supplemented by such regulations as the Fund deems appropriate. Whenever the Board of Governors increases the number of directors to be elected under (b) above, it shall issue regulations making appropriate changes in the proportion of votes required to elect directors under the provisions of Schedule C.

(e) Each director shall appoint an alternate with full power to act for him when he is not present. When the directors appointing them are present, alternates may participate in meetings but may not vote.

(f) Directors shall continue in office until their successors are appointed or elected. If the office of an elected director becomes vacant more than ninety days before the end of his term, another director shall be elected for the remainder of the term by the members who elected the former director. A majority of the votes cast shall be required for election. While the office remains vacant, the alternate of the former director shall exercise his powers, except that of appointing an alternate.

(g) The Executive Directors shall function in continuous session at the principal office of the Fund and shall meet as often as the business of the Fund may require.

(h) A quorum for any meeting of the Executive Directors shall be a majority of the directors representing not less than one-half of the voting power.

(i) Each appointed director shall be entitled to cast the number of votes allotted under Section 5 of this Article to the member appointing him. Each elected director shall be entitled to cast the number of votes which counted towards his election. When the provisions of Section 5 (b) of this Article are applicable, the votes which a director would otherwise be entitled to cast shall be increased or decreased correspondingly. All the votes which a director is entitled to cast shall be cast as a unit.

(j) The Board of Governors shall adopt regulations under which a member not entitled to appoint a director under (b) above may send a representative to attend any meeting of the Executive Directors when a request made by, or a matter particularly affecting, that member is under consideration.

(k) The Executive Directors may appoint such committees as they deem advisable. Membership of committees need not be limited to governors or directors or their alternates.

#### Section 4. *Managing Director and staff*

(a) The Executive Directors shall select a Managing Director who shall not be a governor or an executive director. The Managing Director shall be chairman of the Executive Directors, but shall have no vote except a deciding vote in case of an equal division. He may participate in meetings of the Board of Governors, but shall not vote at such meetings. The Managing Director shall cease to hold office when the Executive Directors so decide.

(b) The Managing Director shall be chief of the operating staff of the Fund and shall conduct, under the direction of the Executive Directors, the ordinary business of the Fund. Subject to the general control of the Executive Directors, he shall be responsible for the organization, appointment and dismissal of the staff of the Fund.

(c) The Managing Director and the staff of the Fund, in the discharge of their functions, shall owe their duty entirely to the Fund and to no other authority. Each member of the Fund shall respect the international character of this duty and shall refrain from all attempts to influence any of the staff in the discharge of his functions.

(d) In appointing the staff the Managing Director shall, subject to the paramount importance of securing the highest standards of efficiency and of technical competence, pay due regard to the importance of recruiting personnel on as wide a geographical basis as possible.

### Section 5. *Voting*

(a) Each member shall have two hundred fifty votes plus one additional vote for each part of its quota equivalent to one hundred thousand United States dollars.

(b) Whenever voting is required under Article V, Section 4 or 5, each member shall have the number of votes to which it is entitled under (a) above, adjusted:

- (i) by the addition of one vote for the equivalent of each four hundred thousand United States dollars of net sales of its currency up to the date when the vote is taken, or
- (ii) by the subtraction of one vote for the equivalent of each four hundred thousand United States dollars of its net purchases of the currencies of other members up to the date when the vote is taken

provided, that neither net purchases nor net sales shall be deemed at any time to exceed an amount equal to the quota of the member involved.

(c) For the purpose of all computations under this Section, United States dollars shall be deemed to be of the weight and fineness in effect on July 1, 1944, adjusted for any uniform change under Article IV, Section 7, if a waiver is made under Section 8 (d) of that Article.

(d) Except as otherwise specifically provided, all decisions of the Fund shall be made by a majority of the votes cast.

### Section 6. *Distribution of net income*

(a) The Board of Governors shall determine annually what part of the Fund's net income shall be placed to reserve and what part, if any, shall be distributed.

(b) If any distribution is made, there shall first be distributed a two percent non-cumulative payment to each member on the amount by which seventy-five percent of its quota exceeded the Fund's average holdings of its currency during that year. The balance shall be paid to all members in proportion to their quotas. Payments to each member shall be made in its own currency.

### Section 7. *Publication of reports*

(a) The Fund shall publish an annual report containing an audited statement of its accounts, and shall issue, at intervals of three months or less, a summary statement of its transactions and its holdings of gold and currencies of members.

(b) The Fund may publish such other reports as it deems desirable for carrying out its purposes.

### Section 8. *Communication of views to members*

The Fund shall at all times have the right to communicate its views informally to any member on any matter arising under this Agreement. The Fund may, by a two-thirds majority of the total voting power, decide to publish a report made to a member regarding its monetary or economic conditions and developments which directly tend to produce a serious disequilibrium in the international balance of payments of members. If the member is not entitled to appoint an executive director, it shall be entitled to representation in accordance with Section 3 (j) of this Article. The Fund shall not publish a report involving changes in the fundamental structure of the economic organization of members.

## ARTICLE XIII

### OFFICES AND DEPOSITORIES

#### Section 1. *Location of offices*

The principal office of the Fund shall be located in the territory of the member having the largest quota, and agencies or branch offices may be established in the territories of other members.

#### Section 2. *Depositaries*

(a) Each member country shall designate its central bank as a depository for all the Fund's holdings of its currency, or if it has no central bank it shall designate such other institution as may be acceptable to the Fund.

(b) The Fund may hold other assets, including gold, in the depositories designated by the five members having the largest quotas and in such other designated depositories as the Fund may select. Initially, at least one-half of the holdings of the Fund shall be held in the depository designated by the member in whose territories the Fund has its principal office and at least forty percent shall be held in the depositories designated by the remaining four members referred to above. However, all transfers of gold by the Fund shall be made with due regard to the costs of transport and anticipated requirements of the Fund. In an emergency the Executive Directors may

transfer all or any part of the Fund's gold holdings to any place where they can be adequately protected.

### Section 3. *Guarantee of the Fund's assets*

Each member guarantees all assets of the Fund against loss resulting from failure or default on the part of the depository designated by it.

## ARTICLE XIV

### TRANSITIONAL PERIOD

#### Section 1. *Introduction*

The Fund is not intended to provide facilities for relief or reconstruction or to deal with international indebtedness arising out of the war.

#### Section 2. *Exchange restrictions*

In the post-war transitional period members may, notwithstanding the provisions of any other articles of this Agreement, maintain and adapt to changing circumstances (and, in the case of members whose territories have been occupied by the enemy, introduce where necessary) restrictions on payments and transfers for current international transactions. Members shall, however, have continuous regard in their foreign exchange policies to the purposes of the Fund; and, as soon as conditions permit, they shall take all possible measures to develop such commercial and financial arrangements with other members as will facilitate international payments and the maintenance of exchange stability. In particular, members shall withdraw restrictions maintained or imposed under this Section as soon as they are satisfied that they will be able, in the absence of such restrictions, to settle their balance of payments in a manner which will not unduly encumber their access to the resources of the Fund.

#### Section 3. *Notification to the Fund*

Each member shall notify the Fund before it becomes eligible under Article XX, Section 4 (c) or (d), to buy currency from the Fund, whether it intends to avail itself of the transitional arrangements in Section 2 of this Article, or whether it is prepared to accept the obligations of Article VIII, Sections 2, 3, and 4. A member availing itself of the transitional arrangements shall notify the Fund as soon thereafter as it is prepared to accept the above-mentioned obligations.

#### Section 4. *Action of the Fund relating to restrictions*

Not later than three years after the date on which the Fund begins operations and in each year thereafter, the Fund shall report on the restrictions still in force under Section 2 of this Article. Five years

after the date on which the Fund begins operations, and in each year thereafter, any member still retaining any restrictions inconsistent with Article VIII, Sections 2, 3, or 4, shall consult the Fund as to their further retention. The Fund may, if it deems such action necessary in exceptional circumstances, make representations to any member that conditions are favorable for the withdrawal of any particular restriction, or for the general abandonment of restrictions, inconsistent with the provisions of any other articles of this Agreement. The member shall be given a suitable time to reply to such representations. If the Fund finds that the member persists in maintaining restrictions which are inconsistent with the purposes of the Fund, the member shall be subject to Article XV, Section 2 (a).

#### Section 5. *Nature of transitional period*

In its relations with members, the Fund shall recognize that the post-war transitional period will be one of change and adjustment and in making decisions on requests occasioned thereby which are presented by any member it shall give the member the benefit of any reasonable doubt.

### ARTICLE XV

#### WITHDRAWAL FROM MEMBERSHIP

##### Section 1. *Right of members to withdraw*

Any member may withdraw from the Fund at any time by transmitting a notice in writing to the Fund at its principal office. Withdrawal shall become effective on the date such notice is received.

##### Section 2. *Compulsory withdrawal*

(a) If a member fails to fulfill any of its obligations under this Agreement, the Fund may declare the member ineligible to use the resources of the Fund. Nothing in this Section shall be deemed to limit the provisions of Article IV, Section 6, Article V, Section 5, or Article VI, Section 1.

(b) If, after the expiration of a reasonable period the member persists in its failure to fulfill any of its obligations under this Agreement, or a difference between a member and the Fund under Article IV, Section 6, continues, that member may be required to withdraw from membership in the Fund by a decision of the Board of Governors carried by a majority of the governors representing a majority of the total voting power.

(c) Regulations shall be adopted to ensure that before action is taken against any member under (a) or (b) above, the member shall be informed in reasonable time of the complaint against it and given an adequate opportunity for stating its case, both orally and in writing.



### Section 3. *Settlement of accounts with members withdrawing*

When a member withdraws from the Fund, normal transactions of the Fund in its currency shall cease and settlement of all accounts between it and the Fund shall be made with reasonable despatch by agreement between it and the Fund. If agreement is not reached promptly, the provisions of Schedule D shall apply to the settlement of accounts.

## ARTICLE XVI

### EMERGENCY PROVISIONS

#### Section 1. *Temporary suspension*

(a) In the event of an emergency or the development of unforeseen circumstances threatening the operations of the Fund, the Executive Directors by unanimous vote may suspend for a period of not more than one hundred twenty days the operation of any of the following provisions:

- (i) Article IV, Sections 3 and 4(b)
- (ii) Article V, Sections 2, 3, 7, 8 (a) and (f)
- (iii) Article VI, Section 2
- (iv) Article XI, Section 1

(b) Simultaneously with any decision to suspend the operation of any of the foregoing provisions, the Executive Directors shall call a meeting of the Board of Governors for the earliest practicable date.

(c) The Executive Directors may not extend any suspension beyond one hundred twenty days. Such suspension may be extended, however, for an additional period of not more than two hundred forty days, if the Board of Governors by a four-fifths majority of the total voting power so decides, but it may not be further extended except by amendment of this Agreement pursuant to Article XVII.

(d) The Executive Directors may, by a majority of the total voting power, terminate such suspension at any time.

#### Section 2. *Liquidation of the Fund*

(a) The Fund may not be liquidated except by decision of the Board of Governors. In an emergency, if the Executive Directors decide that liquidation of the Fund may be necessary, they may temporarily suspend all transactions, pending decision by the Board.

(b) If the Board of Governors decides to liquidate the Fund, the Fund shall forthwith cease to engage in any activities except those incidental to the orderly collection and liquidation of its assets and the settlement of its liabilities, and all obligations of members under

this Agreement shall cease except those set out in this Article, in Article XVIII, paragraph (c), in Schedule D, paragraph 7, and in Schedule E.

(c) Liquidation shall be administered in accordance with the provisions of Schedule E.

## ARTICLE XVII

### AMENDMENTS

(a) Any proposal to introduce modifications in this Agreement, whether emanating from a member, a governor or the Executive Directors, shall be communicated to the chairman of the Board of Governors who shall bring the proposal before the Board. If the proposed amendment is approved by the Board the Fund shall, by circular letter or telegram, ask all members whether they accept the proposed amendment. When three-fifths of the members, having four-fifths of the total voting power, have accepted the proposed amendment, the Fund shall certify the fact by a formal communication addressed to all members.

(b) Notwithstanding (a) above, acceptance by all members is required in the case of any amendment modifying

- (i) the right to withdraw from the Fund (Article XV, Section 1);
- (ii) the provision that no change in a member's quota shall be made without its consent (Article III, Section 2);
- (iii) the provision that no change may be made in the par value of a member's currency except on the proposal of that member (Article IV, Section 5 (b)).

(c) Amendments shall enter into force for all members three months after the date of the formal communication unless a shorter period is specified in the circular letter or telegram.

## ARTICLE XVIII

### INTERPRETATION

(a) Any question of interpretation of the provisions of this Agreement arising between any member and the Fund or between any members of the Fund shall be submitted to the Executive Directors for their decision. If the question particularly affects any member not entitled to appoint an executive director it shall be entitled to representation in accordance with Article XII, Section 3 (j).

(b) In any case where the Executive Directors have given a decision under (a) above, any member may require that the question be referred to the Board of Governors, whose decision shall be final. Pending the result of the reference to the Board the Fund may, so

far as it deems necessary, act on the basis of the decision of the Executive Directors.

(c) Whenever a disagreement arises between the Fund and a member which has withdrawn, or between the Fund and any member during liquidation of the Fund, such disagreement shall be submitted to arbitration by a tribunal of three arbitrators, one appointed by the Fund, another by the member or withdrawing member and an umpire who, unless the parties otherwise agree, shall be appointed by the President of the Permanent Court of International Justice or such other authority as may have been prescribed by regulation adopted by the Fund. The umpire shall have full power to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

## ARTICLE XIX

### EXPLANATION OF TERMS

In interpreting the provisions of this Agreement the Fund and its members shall be guided by the following:

(a) A member's monetary reserves means its net official holdings of gold, of convertible currencies of other members, and of the currencies of such non-members as the Fund may specify.

(b) The official holdings of a member means central holdings (that is, the holdings of its Treasury, central bank, stabilization fund, or similar fiscal agency).

(c) The holdings of other official institutions or other banks within its territories may, in any particular case, be deemed by the Fund, after consultation with the member, to be official holdings to the extent that they are substantially in excess of working balances; provided that for the purpose of determining whether, in a particular case, holdings are in excess of working balances, there shall be deducted from such holdings amounts of currency due to official institutions and banks in the territories of members or non-members specified under (d) below.

(d) A member's holdings of convertible currencies means its holdings of the currencies of other members which are not availing themselves of the transitional arrangements under Article XIV, Section 2, together with its holdings of the currencies of such non-members as the Fund may from time to time specify. The term currency for this purpose includes without limitation coins, paper money, bank balances, bank acceptances, and government obligations issued with a maturity not exceeding twelve months.

(e) A member's monetary reserves shall be calculated by deducting from its central holdings the currency liabilities to the Treasuries, central banks, stabilization funds, or similar fiscal agencies of other members or non-members specified under (d) above, together with

similar liabilities to other official institutions and other banks in the territories of members, or non-members specified under (d) above. To these net holdings shall be added the sums deemed to be official holdings of other official institutions and other banks under (c) above.

(f) The Fund's holdings of the currency of a member shall include any securities accepted by the Fund under Article III, Section 5.

(g) The Fund, after consultation with a member which is availing itself of the transitional arrangements under Article XIV, Section 2, may deem holdings of the currency of that member which carry specified rights of conversion into another currency or into gold to be holdings of convertible currency for the purpose of the calculation of monetary reserves.

(h) For the purpose of calculating gold subscriptions under Article III, Section 3, a member's net holdings of gold and United States dollars shall consist of its official holdings of gold and United States currency after deducting central holdings of its currency by other countries and holdings of its currency by other official institutions and other banks if these holdings carry specified rights of conversion into gold or United States currency.

(i) Payments for current transactions means payments which are not for the purpose of transferring capital, and includes, without limitation:

- (1) All payments due in connection with foreign trade, other current business, including services, and normal short-term banking and credit facilities;
- (2) Payments due as interest on loans and as net income from other investments;
- (3) Payments of moderate amount for amortization of loans or for depreciation of direct investments;
- (4) Moderate remittances for family living expenses.

The Fund may, after consultation with the members concerned, determine whether certain specific transactions are to be considered current transactions or capital transactions.

## ARTICLE XX

### FINAL PROVISIONS

#### Section 1. *Entry into force*

This Agreement shall enter into force when it has been signed on behalf of governments having sixty-five percent of the total of the quotas set forth in Schedule A and when the instruments referred to in Section 2 (a) of this Article have been deposited on their behalf, but in no event shall this Agreement enter into force before May 1, 1945.

## Section 2. *Signature*

(a) Each government on whose behalf this Agreement is signed shall deposit with the Government of the United States of America an instrument setting forth that it has accepted this Agreement in accordance with its law and has taken all steps necessary to enable it to carry out all of its obligations under this Agreement.

(b) Each government shall become a member of the Fund as from the date of the deposit on its behalf of the instrument referred to in (a) above, except that no government shall become a member before this Agreement enters into force under Section 1 of this Article.

(c) The Government of the United States of America shall inform the governments of all countries whose names are set forth in Schedule A, and all governments whose membership is approved in accordance with Article II, Section 2, of all signatures of this Agreement and of the deposit of all instruments referred to in (a) above.

(d) At the time this Agreement is signed on its behalf, each government shall transmit to the Government of the United States of America one one-hundredth of one percent of its total subscription in gold or United States dollars for the purpose of meeting administrative expenses of the Fund. The Government of the United States of America shall hold such funds in a special deposit account and shall transmit them to the Board of Governors of the Fund when the initial meeting has been called under Section 3 of this Article. If this Agreement has not come into force by December 31, 1945, the Government of the United States of America shall return such funds to the governments that transmitted them.

(e) This Agreement shall remain open for signature at Washington on behalf of the governments of the countries whose names are set forth in Schedule A until December 31, 1945.

(f) After December 31, 1945, this Agreement shall be open for signature on behalf of the government\* of any country whose membership has been approved in accordance with Article II, Section 2.

(g) By their signature of this Agreement, all governments accept it both on their own behalf and in respect of all their colonies, overseas territories, all territories under their protection, suzerainty, or authority and all territories in respect of which they exercise a mandate.

(h) In the case of governments whose metropolitan territories have been under enemy occupation, the deposit of the instrument referred to in (a) above may be delayed until one hundred eighty days after the date on which these territories have been liberated. If, however, it is not deposited by any such government before the expiration of this period the signature affixed on behalf of that gov-

ernment shall become void and the portion of its subscription paid under (d) above shall be returned to it.

(i) Paragraphs (d) and (h) shall come into force with regard to each signatory government as from the date of its signature.

### Section 3. *Inauguration of the Fund*

(a) As soon as this Agreement enters into force under Section 1 of this Article, each member shall appoint a governor and the member having the largest quota shall call the first meeting of the Board of Governors.

(b) At the first meeting of the Board of Governors, arrangements shall be made for the selection of provisional executive directors. The governments of the five countries for which the largest quotas are set forth in Schedule A shall appoint provisional executive directors. If one or more of such governments have not become members, the executive directorships they would be entitled to fill shall remain vacant until they become members, or until January 1, 1946, whichever is the earlier. Seven provisional executive directors shall be elected in accordance with the provisions of Schedule C and shall remain in office until the date of the first regular election of executive directors which shall be held as soon as practicable after January 1, 1946.

(c) The Board of Governors may delegate to the provisional executive directors any powers except those which may not be delegated to the Executive Directors.

### Section 4. *Initial determination of par values*

(a) When the Fund is of the opinion that it will shortly be in a position to begin exchange transactions, it shall so notify the members and shall request each member to communicate within thirty days the par value of its currency based on the rates of exchange prevailing on the sixtieth day before the entry into force of this Agreement. No member whose metropolitan territory has been occupied by the enemy shall be required to make such a communication while that territory is a theater of major hostilities or for such period thereafter as the Fund may determine. When such a member communicates the par value of its currency the provisions of (d) below shall apply.

(b) The par value communicated by a member whose metropolitan territory has not been occupied by the enemy shall be the par value of that member's currency for the purposes of this Agreement unless, within ninety days after the request referred to in (a) above has been received, (i) the member notifies the Fund that it regards the par value as unsatisfactory, or (ii) the Fund notifies the member that in its opinion the par value cannot be maintained without causing recourse to the Fund on the part of that member or others on a scale

prejudicial to the Fund and to members. When notification is given under (i) or (ii) above, the Fund and the member shall, within a period determined by the Fund in the light of all relevant circumstances, agree upon a suitable par value for that currency. If the Fund and the member do not agree within the period so determined, the member shall be deemed to have withdrawn from the Fund on the date when the period expires.

(c) When the par value of a member's currency has been established under (b) above, either by the expiration of ninety days without notification, or by agreement after notification, the member shall be eligible to buy from the Fund the currencies of other members to the full extent permitted in this Agreement, provided that the Fund has begun exchange transactions.

(d) In the case of a member whose metropolitan territory has been occupied by the enemy, the provisions of (b) above shall apply, subject to the following modifications:

- (i) The period of ninety days shall be extended so as to end on a date to be fixed by agreement between the Fund and the member.
- (ii) Within the extended period the member may, if the Fund has begun exchange transactions, buy from the Fund with its currency the currencies of other members, but only under such conditions and in such amounts as may be prescribed by the Fund.
- (iii) At any time before the date fixed under (i) above, changes may be made by agreement with the Fund in the par value communicated under (a) above.

(e) If a member whose metropolitan territory has been occupied by the enemy adopts a new monetary unit before the date to be fixed under (d) (i) above, the par value fixed by that member for the new unit shall be communicated to the Fund and the provisions of (d) above shall apply.

(f) Changes in par values agreed with the Fund under this Section shall not be taken into account in determining whether a proposed change falls within (i), (ii), or (iii) of Article IV, Section 5 (c).

(g) A member communicating to the Fund a par value for the currency of its metropolitan territory shall simultaneously communicate a value, in terms of that currency, for each separate currency, where such exists, in the territories in respect of which it has accepted this Agreement under Section 2 (g) of this Article, but no member shall be required to make a communication for the separate currency of a territory which has been occupied by the enemy while that territory is a theater of major hostilities or for such period thereafter as the Fund may determine. On the basis of the par value so communicated,

the Fund shall compute the par value of each separate currency. A communication or notification to the Fund under (a), (b) or (d) above regarding the par value of a currency, shall also be deemed, unless the contrary is stated, to be a communication or notification regarding the par value of all the separate currencies referred to above. Any member may, however, make a communication or notification relating to the metropolitan or any of the separate currencies alone. If the member does so, the provisions of the preceding paragraphs (including (d) above, if a territory where a separate currency exists has been occupied by the enemy) shall apply to each of these currencies separately.

(h) The Fund shall begin exchange transactions at such date as it may determine after members having sixty-five percent of the total of the quotas set forth in Schedule A have become eligible, in accordance with the preceding paragraphs of this Section, to purchase the currencies of other members, but in no event until after major hostilities in Europe have ceased.

(i) The Fund may postpone exchange transactions with any member if its circumstances are such that, in the opinion of the Fund, they would lead to use of the resources of the Fund in a manner contrary to the purposes of this Agreement or prejudicial to the Fund or the members.

(j) The par values of the currencies of governments which indicate their desire to become members after December 31, 1945, shall be determined in accordance with the provisions of Article II, Section 2.

DONE at Washington, in a single copy which shall remain deposited in the archives of the Government of the United States of America, which shall transmit certified copies to all governments whose names are set forth in Schedule A and to all governments whose membership is approved in accordance with Article II, Section 2.



## SCHEDULE A

### Quotas

	(In millions* of United States dollars)		(In millions of United States dollars)
Australia	200	India	400
Belgium	225	Iran	25
Bolivia	10	Iraq	8
Brazil	150	Liberia	. 5
Canada	300	Luxembourg	10
Chile	50	Mexico	90
China	550	Netherlands	275
Colombia	50	New Zealand	50
Costa Rica	5	Nicaragua	2
Cuba	50	Norway	50
Czechoslovakia	125	Panama	. 5
Denmark*	*	Paraguay	2
Dominican Republic	5	Peru	25
Ecuador	5	Philippine Commonwealth	15
Egypt	45	Poland	125
El Salvador	2. 5	Union of South Africa	100
Ethiopia	6	Union of Soviet Socialist Republics	1200
France	450	United Kingdom	1300
Greece	40	United States	2750
Guatemala	5	Uruguay	15
Haiti	5	Venezuela	15
Honduras	2. 5	Yugoslavia	60
Iceland	1		

\*The quota of Denmark shall be determined by the Fund after the Danish Government has declared its readiness to sign this Agreement but before signature takes place.

## SCHEDULE B

### Provisions With Respect to Repurchase by a Member of Its Currency Held by the Fund

1. In determining the extent to which repurchase of a member's currency from the Fund under Article V, Section 7 (b) shall be made with each type of monetary reserve, that is, with gold and with each convertible currency, the following rule, subject to 2 below, shall apply:

- (a) If the member's monetary reserves have not increased during the year, the amount payable to the Fund shall be distributed among all types of reserves in proportion to the member's holdings thereof at the end of the year.

- (b) If the member's monetary reserves have increased during the year, a part of the amount payable to the Fund equal to one-half of the increase shall be distributed among those types of reserves which have increased in proportion to the amount by which each of them has increased. The remainder of the sum payable to the Fund shall be distributed among all types of reserves in proportion to the member's remaining holdings thereof.
- (c) If after all the repurchases required under Article V, Section 7 (b), had been made, the result would exceed any of the limits specified in Article V, Section 7 (c), the Fund shall require such repurchases to be made by the members proportionately in such manner that the limits will not be exceeded.

2. The Fund shall not acquire the currency of any non-member under Article V, Section 7 (b) and (c).

3. In calculating monetary reserves and the increase in monetary reserves during any year for the purpose of Article V, Section 7 (b) and (c), no account shall be taken, unless deductions have otherwise been made by the member for such holdings, of any increase in those monetary reserves which is due to currency previously inconvertible having become convertible during the year; or to holdings which are the proceeds of a long-term or medium-term loan contracted during the year; or to holdings which have been transferred or set aside for repayment of a loan during the subsequent year.

4. In the case of members whose metropolitan territories have been occupied by the enemy, gold newly produced during the five years after the entry into force of this Agreement from mines located within their metropolitan territories shall not be included in computations of their monetary reserves or of increases in their monetary reserves.

### *SCHEDULE C*

#### Election of Executive Directors

1. The election of the elective executive directors shall be by ballot of the governors eligible to vote under Article XII, Section 3 (b) (iii) and (iv).

2. In balloting for the five directors to be elected under Article XII, Section 3 (b) (iii), each of the governors eligible to vote shall cast for one person all of the votes to which he is entitled under Article XII, Section 5 (a). The five persons receiving the greatest number of votes shall be directors, provided that no person who received less than nineteen percent of the total number of votes that can be cast (eligible votes) shall be considered elected.

3. When five persons are not elected in the first ballot, a second ballot shall be held in which the person who received the lowest number of votes shall be ineligible for election and in which there shall vote only (a) those governors who voted in the first ballot for a person not elected, and (b) those governors whose votes for a person elected are deemed under 4 below to have raised the votes cast for that person above twenty percent of the eligible votes.

4. In determining whether the votes cast by a governor are to be deemed to have raised the total of any person above twenty percent of the eligible votes the twenty percent shall be deemed to include, first, the votes of the governor casting the largest number of votes for such person, then the votes of the governor casting the next largest number, and so on until twenty percent is reached.

5. Any governor part of whose votes must be counted in order to raise the total of any person above nineteen percent shall be considered as casting all of his votes for such person even if the total votes for such person thereby exceed twenty percent.

6. If, after the second ballot, five persons have not been elected, further ballots shall be held on the same principles until five persons have been elected, provided that after four persons are elected, the fifth may be elected by a simple majority of the remaining votes and shall be deemed to have been elected by all such votes.

7. The directors to be elected by the American Republics under Article XII, Section 3 (b) (iv) shall be elected as follows:

- (a) Each of the directors shall be elected separately.
- (b) In the election of the first director, each governor representing an American Republic eligible to participate in the election shall cast for one person all the votes to which he is entitled. The person receiving the largest number of votes shall be elected provided that he has received not less than forty-five percent of the total votes.
- (c) If no person is elected on the first ballot, further ballots shall be held, in each of which the person receiving the lowest number of votes shall be eliminated, until one person receives a number of votes sufficient for election under (b) above.
- (d) Governors whose votes contributed to the election of the first director shall take no part in the election of the second director.
- (e) Persons who did not succeed in the first election shall not be ineligible for election as the second director.
- (f) A majority of the votes which can be cast shall be required for election of the second director. If at the first ballot no person receives a majority, further ballots shall be held in each of which the person receiving the lowest number of votes shall be eliminated, until some person obtains a majority.

- (g) The second director shall be deemed to have been elected by all the votes which could have been cast in the ballot securing his election.

#### SCHEDULE D

### Settlement of Accounts With Members Withdrawing

1. The Fund shall be obligated to pay to a member withdrawing an amount equal to its quota, plus any other amounts due to it from the Fund, less any amounts due to the Fund, including charges accruing after the date of its withdrawal; but no payment shall be made until six months after the date of withdrawal. Payments shall be made in the currency of the withdrawing member.

2. If the Fund's holdings of the currency of the withdrawing member are not sufficient to pay the net amount due from the Fund, the balance shall be paid in gold, or in such other manner as may be agreed. If the Fund and the withdrawing member do not reach agreement within six months of the date of withdrawal, the currency in question held by the Fund shall be paid forthwith to the withdrawing member. Any balance due shall be paid in ten half-yearly installments during the ensuing five years. Each such installment shall be paid, at the option of the Fund, either in the currency of the withdrawing member acquired after its withdrawal or by the delivery of gold.

3. If the Fund fails to meet any installment which is due in accordance with the preceding paragraphs, the withdrawing member shall be entitled to require the Fund to pay the installment in any currency held by the Fund with the exception of any currency which has been declared scarce under Article VII, Section 3.

4. If the Fund's holdings of the currency of a withdrawing member exceed the amount due to it, and if agreement on the method of settling accounts is not reached within six months of the date of withdrawal, the former member shall be obligated to redeem such excess currency in gold or, at its option, in the currencies of members which at the time of redemption are convertible. Redemption shall be made at the parity existing at the time of withdrawal from the Fund. The withdrawing member shall complete redemption within five years of the date of withdrawal, or within such longer period as may be fixed by the Fund, but shall not be required to redeem in any half-yearly period more than one-tenth of the Fund's excess holdings of its currency at the date of withdrawal plus further acquisitions of the currency during such half-yearly period. If the withdrawing member does not fulfill this obligation, the Fund may in an orderly manner liquidate in any market the amount of currency which should have been redeemed.

5. Any member desiring to obtain the currency of a member which has withdrawn shall acquire it by purchase from the Fund, to the extent that such member has access to the resources of the Fund and that such currency is available under 4 above.

6. The withdrawing member guarantees the unrestricted use at all times of the currency disposed of under 4 and 5 above for the purchase of goods or for payment of sums due to it or to persons within its territories. It shall compensate the Fund for any loss resulting from the difference between the par value of its currency on the date of withdrawal and the value realized by the Fund on disposal under 4 and 5 above.

7. In the event of the Fund going into liquidation under Article XVI, Section 2, within six months of the date on which the member withdraws, the account between the Fund and that government shall be settled in accordance with Article XVI, Section 2, and Schedule E.

### *SCHEDULE E*

#### Administration of Liquidation

1. In the event of liquidation the liabilities of the Fund other than the repayment of subscriptions shall have priority in the distribution of the assets of the Fund. In meeting each such liability the Fund shall use its assets in the following order:

- (a) the currency in which the liability is payable;
- (b) gold;
- (c) all other currencies in proportion, so far as may be practicable, to the quotas of the members.

2. After the discharge of the Fund's liabilities in accordance with 1 above, the balance of the Fund's assets shall be distributed and apportioned as follows:

- (a) The Fund shall distribute its holdings of gold among the members whose currencies are held by the Fund in amounts less than their quotas. These members shall share the gold so distributed in the proportions of the amounts by which their quotas exceed the Fund's holdings of their currencies.
- (b) The Fund shall distribute to each member one-half the Fund's holdings of its currency but such distribution shall not exceed fifty percent of its quota.
- (c) The Fund shall apportion the remainder of its holdings of each currency among all the members in proportion to the amounts due to each member after the distributions under (a) and (b) above.

3. Each member shall redeem the holdings of its currency apportioned to other members under 2 (c) above, and shall agree with the

Fund within three months after a decision to liquidate upon an orderly procedure for such redemption.

4. If a member has not reached agreement with the Fund within the three-month period referred to in 3 above, the Fund shall use the currencies of other members apportioned to that member under 2 (c) above to redeem the currency of that member apportioned to other members. Each currency apportioned to a member which has not reached agreement shall be used, so far as possible, to redeem its currency apportioned to the members which have made agreements with the Fund under 3 above.

5. If a member has reached agreement with the Fund in accordance with 3 above, the Fund shall use the currencies of other members apportioned to that member under 2 (c) above to redeem the currency of that member apportioned to other members which have made agreements with the Fund under 3 above. Each amount so redeemed shall be redeemed in the currency of the member to which it was apportioned.

6. After carrying out the preceding paragraphs, the Fund shall pay to each member the remaining currencies held for its account.

7. Each member whose currency has been distributed to other members under 6 above shall redeem such currency in gold or, at its option, in the currency of the member requesting redemption, or in such other manner as may be agreed between them. If the members involved do not otherwise agree, the member obligated to redeem shall complete redemption within five years of the date of distribution, but shall not be required to redeem in any half-yearly period more than one-tenth of the amount distributed to each other member. If the member does not fulfill this obligation, the amount of currency which should have been redeemed may be liquidated in an orderly manner in any market.

8. Each member whose currency has been distributed to other members under 6 above guarantees the unrestricted use of such currency at all times for the purchase of goods or for payment of sums due to it or to persons in its territories. Each member so obligated agrees to compensate other members for any loss resulting from the difference between the par value of its currency on the date of the decision to liquidate the Fund and the value realized by such members on disposal of its currency.

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## Annex B

### ARTICLES OF AGREEMENT OF THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

The Governments on whose behalf the present Agreement is signed agree as follows:

#### INTRODUCTORY ARTICLE

The International Bank for Reconstruction and Development is established and shall operate in accordance with the following provisions:

#### ARTICLE I

##### PURPOSES

The purposes of the Bank are:

- (i) To assist in the reconstruction and development of territories of members by facilitating the investment of capital for productive purposes, including the restoration of economies destroyed or disrupted by war, the reconversion of productive facilities to peacetime needs and the encouragement of the development of productive facilities and resources in less developed countries.
- (ii) To promote private foreign investment by means of guarantees or participations in loans and other investments made by private investors; and when private capital is not available on reasonable terms, to supplement private investment by providing, on suitable conditions, finance for productive purposes out of its own capital, funds raised by it and its other resources.
- (iii) To promote the long-range balanced growth of international trade and the maintenance of equilibrium in balances of payments by encouraging international investment for the development of the productive resources of members, thereby assisting in raising productivity, the standard of living and conditions of labor in their territories.
- (iv) To arrange the loans made or guaranteed by it in relation to international loans through other channels so that the

more useful and urgent projects, large and small alike, will be dealt with first.

- (v) To conduct its operations with due regard to the effect of international investment on business conditions in the territories of members and, in the immediate post-war years, to assist in bringing about a smooth transition from a wartime to a peacetime economy.

The Bank shall be guided in all its decisions by the purposes set forth above.

## ARTICLE II

### MEMBERSHIP IN AND CAPITAL OF THE BANK

#### Section 1. *Membership*

(a) The original members of the Bank shall be those members of the International Monetary Fund which accept membership in the Bank before the date specified in Article XI, Section 2 (e).

(b) Membership shall be open to other members of the Fund, at such times and in accordance with such terms as may be prescribed by the Bank.

#### Section 2. *Authorized capital*

(a) The authorized capital stock of the Bank shall be \$10,000,000-000, in terms of United States dollars of the weight and fineness in effect on July 1, 1944. The capital stock shall be divided into 100,000 shares having a par value of \$100,000 each, which shall be available for subscription only by members.

(b) The capital stock may be increased when the Bank deems it advisable by a three-fourths majority of the total voting power.

#### Section 3. *Subscription of shares*

(a) Each member shall subscribe shares of the capital stock of the Bank. The minimum number of shares to be subscribed by the original members shall be those set forth in Schedule A. The minimum number of shares to be subscribed by other members shall be determined by the Bank, which shall reserve a sufficient portion of its capital stock for subscription by such members.

(b) The Bank shall prescribe rules laying down the conditions under which members may subscribe shares of the authorized capital stock of the Bank in addition to their minimum subscriptions.

(c) If the authorized capital stock of the Bank is increased, each member shall have a reasonable opportunity to subscribe, under such conditions as the Bank shall decide, a proportion of the increase of stock equivalent to the proportion which its stock theretofore subscribed bears to the total capital stock of the Bank, but no member shall be obligated to subscribe any part of the increased capital.

#### Section 4. *Issue price of shares*

Shares included in the minimum subscriptions of original members shall be issued at par. Other shares shall be issued at par unless the Bank by a majority of the total voting power decides in special circumstances to issue them on other terms.

#### Section 5. *Division and calls of subscribed capital*

The subscription of each member shall be divided into two parts as follows:

- (i) twenty percent shall be paid or subject to call under Section 7 (i) of this Article as needed by the Bank for its operations;
- (ii) the remaining eighty percent shall be subject to call by the Bank only when required to meet obligations of the Bank created under Article IV, Sections 1 (a) (ii) and (iii).

Calls on unpaid subscriptions shall be uniform on all shares.

#### Section 6. *Limitation on liability*

Liability on shares shall be limited to the unpaid portion of the issue price of the shares.

#### Section 7. *Method of payment of subscriptions for shares*

Payment of subscriptions for shares shall be made in gold or United States dollars and in the currencies of the members as follows:

- (i) under Section 5 (i) of this Article, two percent of the price of each share shall be payable in gold or United States dollars, and, when calls are made, the remaining eighteen percent shall be paid in the currency of the member;
- (ii) when a call is made under Section 5 (ii) of this Article, payment may be made at the option of the member either in gold, in United States dollars or in the currency required to discharge the obligations of the Bank for the purpose for which the call is made;
- (iii) when a member makes payments in any currency under (i) and (ii) above, such payments shall be made in amounts equal in value to the member's liability under the call. This liability shall be a proportionate part of the subscribed capital stock of the Bank as authorized and defined in Section 2 of this Article.

#### Section 8. *Time of payment of subscriptions*

(a) The two percent payable on each share in gold or United States dollars under Section 7 (i) of this Article, shall be paid within sixty days of the date on which the Bank begins operations, provided that

- (i) any original member of the Bank whose metropolitan terri-

tory has suffered from enemy occupation or hostilities during the present war shall be granted the right to postpone payment of one-half percent until five years after that date;

- (ii) an original member who cannot make such a payment because it has not recovered possession of its gold reserves which are still seized or immobilized as a result of the war may postpone all payment until such date as the Bank shall decide.

(b) The remainder of the price of each share payable under Section 7 (i) of this Article shall be paid as and when called by the Bank, provided that

- (i) the Bank shall, within one year of its beginning operations, call not less than eight percent of the price of the share in addition to the payment of two percent referred to in (a) above;
- (ii) not more than five percent of the price of the share shall be called in any period of three months.

#### Section 9. *Maintenance of value of certain currency holdings of the Bank*

(a) Whenever (i) the par value of a member's currency is reduced, or (ii) the foreign exchange value of a member's currency has, in the opinion of the Bank, depreciated to a significant extent within that member's territories, the member shall pay to the Bank within a reasonable time an additional amount of its own currency sufficient to maintain the value, as of the time of initial subscription, of the amount of the currency of such member which is held by the Bank and derived from currency originally paid in to the Bank by the member under Article II, Section 7 (i), from currency referred to in Article IV, Section 2 (b), or from any additional currency furnished under the provisions of the present paragraph, and which has not been repurchased by the member for gold or for the currency of any member which is acceptable to the Bank.

(b) Whenever the par value of a member's currency is increased, the Bank shall return to such member within a reasonable time an amount of that member's currency equal to the increase in the value of the amount of such currency described in (a) above.

(c) The provisions of the preceding paragraphs may be waived by the Bank when a uniform proportionate change in the par values of the currencies of all its members is made by the International Monetary Fund.

#### Section 10. *Restriction on disposal of shares*

Shares shall not be pledged or encumbered in any manner whatever and they shall be transferable only to the Bank.

## ARTICLE III

## GENERAL PROVISIONS RELATING TO LOANS AND GUARANTEES

Section 1. *Use of resources*

(a) The resources and the facilities of the Bank shall be used exclusively for the benefit of members with equitable consideration to projects for development and projects for reconstruction alike.

(b) For the purpose of facilitating the restoration and reconstruction of the economy of members whose metropolitan territories have suffered great devastation from enemy occupation or hostilities, the Bank, in determining the conditions and terms of loans made to such members, shall pay special regard to lightening the financial burden and expediting the completion of such restoration and reconstruction.

Section 2. *Dealings between members and the Bank*

Each member shall deal with the Bank only through its Treasury, central bank, stabilization fund or other similar fiscal agency, and the Bank shall deal with members only by or through the same agencies.

Section 3. *Limitations on guarantees and borrowings of the Bank*

The total amount outstanding of guarantees, participations in loans and direct loans made by the Bank shall not be increased at any time, if by such increase the total would exceed one hundred percent of the unimpaired subscribed capital, reserves and surplus of the Bank.

Section 4. *Conditions on which the Bank may guarantee or make loans*

The Bank may guarantee, participate in, or make loans to any member or any political sub-division thereof and any business, industrial, and agricultural enterprise in the territories of a member, subject to the following conditions:

- (i) When the member in whose territories the project is located is not itself the borrower, the member or the central bank or some comparable agency of the member which is acceptable to the Bank, fully guarantees the repayment of the principal and the payment of interest and other charges on the loan.
- (ii) The Bank is satisfied that in the prevailing market conditions the borrower would be unable otherwise to obtain the loan under conditions which in the opinion of the Bank are reasonable for the borrower.
- (iii) A competent committee, as provided for in Article V, Section 7, has submitted a written report recommending the project after a careful study of the merits of the proposal.

- (iv) In the opinion of the Bank the rate of interest and other charges are reasonable and such rate, charges and the schedule for repayment of principal are appropriate to the project.
- (v) In making or guaranteeing a loan, the Bank shall pay due regard to the prospects that the borrower, and, if the borrower is not a member, that the guarantor, will be in position to meet its obligations under the loan; and the Bank shall act prudently in the interests both of the particular member in whose territories the project is located and of the members as a whole.
- (vi) In guaranteeing a loan made by other investors, the Bank receives suitable compensation for its risk.
- (vii) Loans made or guaranteed by the Bank shall, except in special circumstances, be for the purpose of specific projects of reconstruction or development.

**Section 5. *Use of loans guaranteed, participated in or made by the Bank***

(a) The Bank shall impose no conditions that the proceeds of a loan shall be spent in the territories of any particular member or members.

(b) The Bank shall make arrangements to ensure that the proceeds of any loan are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations.

(c) In the case of loans made by the Bank, it shall open an account in the name of the borrower and the amount of the loan shall be credited to this account in the currency or currencies in which the loan is made. The borrower shall be permitted by the Bank to draw on this account only to meet expenses in connection with the project as they are actually incurred.

**ARTICLE IV**

**OPERATIONS**

**Section 1. *Methods of making or facilitating loans***

(a) The Bank may make or facilitate loans which satisfy the general conditions of Article III in any of the following ways:

- (i) By making or participating in direct loans out of its own funds corresponding to its unimpaired paid-up capital and surplus and, subject to Section 6 of this Article, to its reserves.
- (ii) By making or participating in direct loans out of funds raised

in the market of a member, or otherwise borrowed by the Bank.

- (iii) By guaranteeing in whole or in part loans made by private investors through the usual investment channels.

(b) The Bank may borrow funds under (a) (ii) above or guarantee loans under (a) (iii) above only with the approval of the member in whose markets the funds are raised and the member in whose currency the loan is denominated, and only if those members agree that the proceeds may be exchanged for the currency of any other member without restriction.

## Section 2. *Availability and transferability of currencies*

(a) Currencies paid into the Bank under Article II, Section 7 (i), shall be loaned only with the approval in each case of the member whose currency is involved; provided, however, that if necessary, after the Bank's subscribed capital has been entirely called, such currencies shall, without restriction by the members whose currencies are offered, be used or exchanged for the currencies required to meet contractual payments of interest, other charges or amortization on the Bank's own borrowings, or to meet the Bank's liabilities with respect to such contractual payments on loans guaranteed by the Bank.

(b) Currencies received by the Bank from borrowers or guarantors in payment on account of principal of direct loans made with currencies referred to in (a) above shall be exchanged for the currencies of other members or reloaned only with the approval in each case of the members whose currencies are involved; provided, however, that if necessary, after the Bank's subscribed capital has been entirely called, such currencies shall, without restriction by the members whose currencies are offered, be used or exchanged for the currencies required to meet contractual payments of interest, other charges or amortization on the Bank's own borrowings, or to meet the Bank's liabilities with respect to such contractual payments on loans guaranteed by the Bank.

(c) Currencies received by the Bank from borrowers or guarantors in payment on account of principal of direct loans made by the Bank under Section 1 (a) (ii) of this Article, shall be held and used, without restriction by the members, to make amortization payments, or to anticipate payment of or repurchase part or all of the Bank's own obligations.

(d) All other currencies available to the Bank, including those raised in the market or otherwise borrowed under Section 1 (a) (ii) of this Article, those obtained by the sale of gold, those received as payments of interest and other charges for direct loans made under

Sections 1 (a) (i) and (ii), and those received as payments of commissions and other charges under Section 1 (a) (iii), shall be used or exchanged for other currencies or gold required in the operations of the Bank without restriction by the members whose currencies are offered.

(e) Currencies raised in the markets of members by borrowers on loans guaranteed by the Bank under Section 1 (a) (iii) of this Article, shall also be used or exchanged for other currencies without restriction by such members.

### Section 3. *Provision of currencies for direct loans*

The following provisions shall apply to direct loans under Sections 1 (a) (i) and (ii) of this Article:

(a) The Bank shall furnish the borrower with such currencies of members, other than the member in whose territories the project is located, as are needed by the borrower for expenditures to be made in the territories of such other members to carry out the purposes of the loan.

(b) The Bank may, in exceptional circumstances when local currency required for the purposes of the loan cannot be raised by the borrower on reasonable terms, provide the borrower as part of the loan with an appropriate amount of that currency.

(c) The Bank, if the project gives rise indirectly to an increased need for foreign exchange by the member in whose territories the project is located, may in exceptional circumstances provide the borrower as part of the loan with an appropriate amount of gold or foreign exchange not in excess of the borrower's local expenditure in connection with the purposes of the loan.

(d) The Bank may, in exceptional circumstances, at the request of a member in whose territories a portion of the loan is spent, repurchase with gold or foreign exchange a part of that member's currency thus spent but in no case shall the part so repurchased exceed the amount by which the expenditure of the loan in those territories gives rise to an increased need for foreign exchange.

### Section 4. *Payment provisions for direct loans*

Loan contracts under Section 1 (a) (i) or (ii) of this Article shall be made in accordance with the following payment provisions:

(a) The terms and conditions of interest and amortization payments, maturity and dates of payment of each loan shall be determined by the Bank. The Bank shall also determine the rate and any other terms and conditions of commission to be charged in connection with such loan.

In the case of loans made under Section 1 (a) (ii) of this Article during the first ten years of the Bank's operations, this rate of com-



mission shall be not less than one percent per annum and not greater than one and one-half percent per annum, and shall be charged on the outstanding portion of any such loan. At the end of this period of ten years, the rate of commission may be reduced by the Bank with respect both to the outstanding portions of loans already made and to future loans, if the reserves accumulated by the Bank under Section 6 of this Article and out of other earnings are considered by it sufficient to justify a reduction. In the case of future loans the Bank shall also have discretion to increase the rate of commission beyond the above limit, if experience indicates that an increase is advisable.

(b) All loan contracts shall stipulate the currency or currencies in which payments under the contract shall be made to the Bank. At the option of the borrower, however, such payments may be made in gold, or subject to the agreement of the Bank, in the currency of a member other than that prescribed in the contract.

(i) In the case of loans made under Section 1 (a) (i) of this Article, the loan contracts shall provide that payments to the Bank of interest, other charges and amortization shall be made in the currency loaned, unless the member whose currency is loaned agrees that such payments shall be made in some other specified currency or currencies. These payments, subject to the provisions of Article II, Section 9 (c), shall be equivalent to the value of such contractual payments at the time the loans were made, in terms of a currency specified for the purpose by the Bank by a three-fourths majority of the total voting power.

(ii) In the case of loans made under Section 1 (a) (ii) of this Article, the total amount outstanding and payable to the Bank in any one currency shall at no time exceed the total amount of the outstanding borrowings made by the Bank under Section 1 (a) (ii) and payable in the same currency.

(c) If a member suffers from an acute exchange stringency, so that the service of any loan contracted by that member or guaranteed by it or by one of its agencies cannot be provided in the stipulated manner, the member concerned may apply to the Bank for a relaxation of the conditions of payment. If the Bank is satisfied that some relaxation is in the interests of the particular member and of the operations of the Bank and of its members as a whole, it may take action under either, or both, of the following paragraphs with respect to the whole, or part, of the annual service:

(i) The Bank may, in its discretion, make arrangements with the member concerned to accept service payments on the loan in the member's currency for periods not to exceed three years upon appropriate terms regarding the use of such currency and

the maintenance of its foreign exchange value; and for the repurchase of such currency on appropriate terms.

- (ii) The Bank may modify the terms of amortization or extend the life of the loan, or both.

### Section 5. *Guarantees*

(a) In guaranteeing a loan placed through the usual investment channels, the Bank shall charge a guarantee commission payable periodically on the amount of the loan outstanding at a rate determined by the Bank. During the first ten years of the Bank's operations, this rate shall be not less than one percent per annum and not greater than one and one-half percent per annum. At the end of this period of ten years, the rate of commission may be reduced by the Bank with respect both to the outstanding portions of loans already guaranteed and to future loans if the reserves accumulated by the Bank under Section 6 of this Article and out of other earnings are considered by it sufficient to justify a reduction. In the case of future loans the Bank shall also have discretion to increase the rate of commission beyond the above limit, if experience indicates that an increase is advisable.

(b) Guarantee commissions shall be paid directly to the Bank by the borrower.

(c) Guarantees by the Bank shall provide that the Bank may terminate its liability with respect to interest if, upon default by the borrower and by the guarantor, if any, the Bank offers to purchase, at par and interest accrued to a date designated in the offer, the bonds or other obligations guaranteed.

(d) The Bank shall have power to determine any other terms and conditions of the guarantee.

### Section 6. *Special reserve*

The amount of commissions received by the Bank under Sections 4 and 5 of this Article shall be set aside as a special reserve, which shall be kept available for meeting liabilities of the Bank in accordance with Section 7 of this Article. The special reserve shall be held in such liquid form, permitted under this Agreement, as the Executive Directors may decide.

### Section 7. *Methods of meeting liabilities of the Bank in case of defaults*

In cases of default on loans made, participated in, or guaranteed by the Bank:

(a) The Bank shall make such arrangements as may be feasible to adjust the obligations under the loans, including arrangements under or analogous to those provided in Section 4 (c) of this Article.

(b) The payments in discharge of the Bank's liabilities on borrowings or guarantees under Sections 1 (a) (ii) and (iii) of this Article shall be charged:

- (i) first, against the special reserve provided in Section 6 of this Article.
- (ii) then, to the extent necessary and at the discretion of the Bank, against the other reserves, surplus and capital available to the Bank.

(c) Whenever necessary to meet contractual payments of interest, other charges or amortization on the Bank's own borrowings, or to meet the Bank's liabilities with respect to similar payments on loans guaranteed by it, the Bank may call an appropriate amount of the unpaid subscriptions of members in accordance with Article II, Sections 5 and 7. Moreover, if it believes that a default may be of long duration, the Bank may call an additional amount of such unpaid subscriptions not to exceed in any one year one percent of the total subscriptions of the members for the following purposes:

- (i) To redeem prior to maturity, or otherwise discharge its liability on, all or part of the outstanding principal of any loan guaranteed by it in respect of which the debtor is in default.
- (ii) To repurchase, or otherwise discharge its liability on, all or part of its own outstanding borrowings.

### Section 8. *Miscellaneous operations*

In addition to the operations specified elsewhere in this Agreement, the Bank shall have the power:

- (i) To buy and sell securities it has issued and to buy and sell securities which it has guaranteed or in which it has invested, provided that the Bank shall obtain the approval of the member in whose territories the securities are to be bought or sold.
- (ii) To guarantee securities in which it has invested for the purpose of facilitating their sale.
- (iii) To borrow the currency of any member with the approval of that member.
- (iv) To buy and sell such other securities as the Directors by a three-fourths majority of the total voting power may deem proper for the investment of all or part of the special reserve under Section 6 of this Article.

In exercising the powers conferred by this Section, the Bank may deal with any person, partnership, association, corporation or other legal entity in the territories of any member.

*Section 9. Warning to be placed on securities*

Every security guaranteed or issued by the Bank shall bear on its face a conspicuous statement to the effect that it is not an obligation of any government unless expressly stated on the security.

*Section 10. Political activity prohibited*

The Bank and its officers shall not interfere in the political affairs of any member; nor shall they be influenced in their decisions by the political character of the member or members concerned. Only economic considerations shall be relevant to their decisions, and these considerations shall be weighed impartially in order to achieve the purposes stated in Article I.

ARTICLE V

ORGANIZATION AND MANAGEMENT

*Section 1. Structure of the Bank*

The Bank shall have a Board of Governors, Executive Directors, a President and such other officers and staff to perform such duties as the Bank may determine.

*Section 2. Board of Governors*

(a) All the powers of the Bank shall be vested in the Board of Governors consisting of one governor and one alternate appointed by each member in such manner as it may determine. Each governor and each alternate shall serve for five years, subject to the pleasure of the member appointing him, and may be reappointed. No alternate may vote except in the absence of his principal. The Board shall select one of the governors as Chairman.

(b) The Board of Governors may delegate to the Executive Directors authority to exercise any powers of the Board, except the power to:

- (i) Admit new members and determine the conditions of their admission;
- (ii) Increase or decrease the capital stock;
- (iii) Suspend a member;
- (iv) Decide appeals from interpretations of this Agreement given by the Executive Directors;
- (v) Make arrangements to cooperate with other international organizations (other than informal arrangements of a temporary and administrative character);
- (vi) Decide to suspend permanently the operations of the Bank and to distribute its assets;
- (vii) Determine the distribution of the net income of the Bank.

(c) The Board of Governors shall hold an annual meeting and such other meetings as may be provided for by the Board or called by the Executive Directors. Meetings of the Board shall be called by the Directors whenever requested by five members or by members having one-quarter of the total voting power.

(d) A quorum for any meeting of the Board of Governors shall be a majority of the Governors, exercising not less than two-thirds of the total voting power.

(e) The Board of Governors may by regulation establish a procedure whereby the Executive Directors, when they deem such action to be in the best interests of the Bank, may obtain a vote of the Governors on a specific question without calling a meeting of the Board.

(f) The Board of Governors, and the Executive Directors to the extent authorized, may adopt such rules and regulations as may be necessary or appropriate to conduct the business of the Bank.

(g) Governors and alternates shall serve as such without compensation from the Bank, but the Bank shall pay them reasonable expenses incurred in attending meetings.

(h) The Board of Governors shall determine the remuneration to be paid to the Executive Directors and the salary and terms of the contract of service of the President.

### Section 3. *Voting*

(a) Each member shall have two hundred fifty votes plus one additional vote for each share of stock held.

(b) Except as otherwise specifically provided, all matters before the Bank shall be decided by a majority of the votes cast.

### Section 4. *Executive Directors*

(a) The Executive Directors shall be responsible for the conduct of the general operations of the Bank, and for this purpose, shall exercise all the powers delegated to them by the Board of Governors.

(b) There shall be twelve Executive Directors, who need not be governors, and of whom:

- (i) five shall be appointed, one by each of the five members having the largest number of shares;
- (ii) seven shall be elected according to Schedule B by all the Governors other than those appointed by the five members referred to in (i) above.

For the purpose of this paragraph, "members" means governments of countries whose names are set forth in Schedule A, whether they are original members or become members in accordance with Article II, Section 1 (b). When governments of other countries become members, the Board of Governors may, by a four-fifths majority of the total

voting power, increase the total number of directors by increasing the number of directors to be elected.

Executive directors shall be appointed or elected every two years.

(c) Each executive director shall appoint an alternate with full power to act for him when he is not present. When the executive directors appointing them are present, alternates may participate in meetings but shall not vote.

(d) Directors shall continue in office until their successors are appointed or elected. If the office of an elected director becomes vacant more than ninety days before the end of his term, another director shall be elected for the remainder of the term by the governors who elected the former director. A majority of the votes cast shall be required for election. While the office remains vacant, the alternate of the former director shall exercise his powers, except that of appointing an alternate.

(e) The Executive Directors shall function in continuous session at the principal office of the Bank and shall meet as often as the business of the Bank may require.

(f) A quorum for any meeting of the Executive Directors shall be a majority of the Directors, exercising not less than one-half of the total voting power.

(g) Each appointed director shall be entitled to cast the number of votes allotted under Section 3 of this Article to the member appointing him. Each elected director shall be entitled to cast the number of votes which counted toward his election. All the votes which a director is entitled to cast shall be cast as a unit.

(h) The Board of Governors shall adopt regulations under which a member not entitled to appoint a director under (b) above may send a representative to attend any meeting of the Executive Directors when a request made by, or a matter particularly affecting, that member is under consideration.

(i) The Executive Directors may appoint such committees as they deem advisable. Membership of such committees need not be limited to governors or directors or their alternates.

#### Section 5. *President and staff*

(a) The Executive Directors shall select a President who shall not be a governor or an executive director or an alternate for either. The President shall be Chairman of the Executive Directors, but shall have no vote except a deciding vote in case of an equal division. He may participate in meetings of the Board of Governors, but shall not vote at such meetings. The President shall cease to hold office when the Executive Directors so decide.

(b) The President shall be chief of the operating staff of the Bank and shall conduct, under the direction of the Executive Directors, the

ordinary business of the Bank. Subject to the general control of the Executive Directors, he shall be responsible for the organization, appointment and dismissal of the officers and staff.

(c) The President, officers and staff of the Bank, in the discharge of their offices, owe their duty entirely to the Bank and to no other authority. Each member of the Bank shall respect the international character of this duty and shall refrain from all attempts to influence any of them in the discharge of their duties.

(d) In appointing the officers and staff the President shall, subject to the paramount importance of securing the highest standards of efficiency and of technical competence, pay due regard to the importance of recruiting personnel on as wide a geographical basis as possible.

#### Section 6. *Advisory Council*

(a) There shall be an Advisory Council of not less than seven persons selected by the Board of Governors including representatives of banking, commercial, industrial, labor, and agricultural interests, and with as wide a national representation as possible. In those fields where specialized international organizations exist, the members of the Council representative of those fields shall be selected in agreement with such organizations. The Council shall advise the Bank on matters of general policy. The Council shall meet annually and on such other occasions as the Bank may request.

(b) Councillors shall serve for two years and may be reappointed. They shall be paid their reasonable expenses incurred on behalf of the Bank.

#### Section 7. *Loan committees*

The committees required to report on loans under Article III, Section 4, shall be appointed by the Bank. Each such committee shall include an expert selected by the governor representing the member in whose territories the project is located and one or more members of the technical staff of the Bank.

#### Section 8. *Relationship to other international organizations*

(a) The Bank, within the terms of this Agreement, shall cooperate with any general international organization and with public international organizations having specialized responsibilities in related fields. Any arrangements for such cooperation which would involve a modification of any provision of this Agreement may be effected only after amendment to this Agreement under Article VIII.

(b) In making decisions on applications for loans or guarantees relating to matters directly within the competence of any international organization of the types specified in the preceding para-

graph and participated in primarily by members of the Bank, the Bank shall give consideration to the views and recommendations of such organization.

#### Section 9. *Location of offices*

(a) The principal office of the Bank shall be located in the territory of the member holding the greatest number of shares.

(b) The Bank may establish agencies or branch offices in the territories of any member of the Bank.

#### Section 10. *Regional offices and councils*

(a) The Bank may establish regional offices and determine the location of, and the areas to be covered by, each regional office.

(b) Each regional office shall be advised by a regional council representative of the entire area and selected in such manner as the Bank may decide.

#### Section 11. *Depositories*

(a) Each member shall designate its central bank as a depository for all the Bank's holdings of its currency or, if it has no central bank, it shall designate such other institution as may be acceptable to the Bank.

(b) The Bank may hold other assets, including gold, in depositories designated by the five members having the largest number of shares and in such other designated depositories as the Bank may select. Initially, at least one-half of the gold holdings of the Bank shall be held in the depository designated by the member in whose territory the Bank has its principal office, and at least forty percent shall be held in the depositories designated by the remaining four members referred to above, each of such depositories to hold, initially, not less than the amount of gold paid on the shares of the member designating it. However, all transfers of gold by the Bank shall be made with due regard to the costs of transport and anticipated requirements of the Bank. In an emergency the Executive Directors may transfer all or any part of the Bank's gold holdings to any place where they can be adequately protected.

#### Section 12. *Form of holdings of currency*

The Bank shall accept from any member, in place of any part of the member's currency, paid in to the Bank under Article II, Section 7 (i), or to meet amortization payments on loans made with such currency, and not needed by the Bank in its operations, notes or similar obligations issued by the Government of the member or the depository designated by such member, which shall be non-negotiable, non-interest-bearing and payable at their par value on demand by credit to the account of the Bank in the designated depository.



**Section 13. *Publication of reports and provision of information***

(a) The Bank shall publish an annual report containing an audited statement of its accounts and shall circulate to members at intervals of three months or less a summary statement of its financial position and a profit and loss statement showing the results of its operations.

(b) The Bank may publish such other reports as it deems desirable to carry out its purposes.

(c) Copies of all reports, statements and publications made under this section shall be distributed to members.

**Section 14. *Allocation of net income***

(a) The Board of Governors shall determine annually what part of the Bank's net income, after making provision for reserves, shall be allocated to surplus and what part, if any, shall be distributed.

(b) If any part is distributed, up to two percent non-cumulative shall be paid, as a first charge against the distribution for any year, to each member on the basis of the average amount of the loans outstanding during the year made under Article IV, Section 1 (a) (i), out of currency corresponding to its subscription. If two percent is paid as a first charge, any balance remaining to be distributed shall be paid to all members in proportion to their shares. Payments to each member shall be made in its own currency, or if that currency is not available in other currency acceptable to the member. If such payments are made in currencies other than the member's own currency, the transfer of the currency and its use by the receiving member after payment shall be without restriction by the members.

**ARTICLE VI****WITHDRAWAL AND SUSPENSION OF MEMBERSHIP: SUSPENSION OF OPERATIONS****Section 1. *Right of members to withdraw***

Any member may withdraw from the Bank at any time by transmitting a notice in writing to the Bank at its principal office. Withdrawal shall become effective on the date such notice is received.

**Section 2. *Suspension of membership***

If a member fails to fulfill any of its obligations to the Bank, the Bank may suspend its membership by decision of a majority of the Governors, exercising a majority of the total voting power. The member so suspended shall automatically cease to be a member one year from the date of its suspension unless a decision is taken by the same majority to restore the member to good standing.

While under suspension, a member shall not be entitled to exercise any rights under this Agreement, except the right of withdrawal, but shall remain subject to all obligations.

### Section 3. *Cessation of membership in International Monetary Fund*

Any member which ceases to be a member of the International Monetary Fund shall automatically cease after three months to be a member of the Bank unless the Bank by three-fourths of the total voting power has agreed to allow it to remain a member.

### Section 4. *Settlement of accounts with governments ceasing to be members*

(a) When a government ceases to be a member, it shall remain liable for its direct obligations to the Bank and for its contingent liabilities to the Bank so long as any part of the loans or guarantees contracted before it ceased to be a member are outstanding; but it shall cease to incur liabilities with respect to loans and guarantees entered into thereafter by the Bank and to share either in the income or the expenses of the Bank.

(b) At the time a government ceases to be a member, the Bank shall arrange for the repurchase of its shares as a part of the settlement of accounts with such government in accordance with the provisions of (c) and (d) below. For this purpose the repurchase price of the shares shall be the value shown by the books of the Bank on the day the government ceases to be a member.

(c) The payment for shares repurchased by the Bank under this section shall be governed by the following conditions:

- (i) Any amount due to the government for its shares shall be withheld so long as the government, its central bank or any of its agencies remains liable, as borrower or guarantor, to the Bank and such amount may, at the option of the Bank, be applied on any such liability as it matures. No amount shall be withheld on account of the liability of the government resulting from its subscription for shares under Article II, Section 5 (ii). In any event, no amount due to a member for its shares shall be paid until six months after the date upon which the government ceases to be a member.
- (ii) Payments for shares may be made from time to time, upon their surrender by the government, to the extent by which the amount due as the repurchase price in (b) above exceeds the aggregate of liabilities on loans and guarantees in (c) (i) above until the former member has received the full repurchase price.
- (iii) Payments shall be made in the currency of the country receiving payment or at the option of the Bank in gold.

- (iv) If losses are sustained by the Bank on any guarantees, participations in loans, or loans which were outstanding on the date when the government ceased to be a member, and the amount of such losses exceeds the amount of the reserve provided against losses on the date when the government ceased to be a member, such government shall be obligated to repay upon demand the amount by which the repurchase price of its shares would have been reduced, if the losses had been taken into account when the repurchase price was determined. In addition, the former member government shall remain liable on any call for unpaid subscriptions under Article II, Section 5 (ii), to the extent that it would have been required to respond if the impairment of capital had occurred and the call had been made at the time the repurchase price of its shares was determined.

(d) If the Bank suspends permanently its operations under Section 5 (b) of this Article, within six months of the date upon which any government ceases to be a member, all rights of such government shall be determined by the provisions of Section 5 of this Article.

#### Section 5. *Suspension of operations and settlement of obligations*

(a) In an emergency the Executive Directors may suspend temporarily operations in respect of new loans and guarantees pending an opportunity for further consideration and action by the Board of Governors.

(b) The Bank may suspend permanently its operations in respect of new loans and guarantees by vote of a majority of the Governors, exercising a majority of the total voting power. After such suspension of operations the Bank shall forthwith cease all activities, except those incident to the orderly realization, conservation, and preservation of its assets and settlement of its obligations.

(c) The liability of all members for uncalled subscriptions to the capital stock of the Bank and in respect of the depreciation of their own currencies shall continue until all claims of creditors, including all contingent claims, shall have been discharged.

(d) All creditors holding direct claims shall be paid out of the assets of the Bank, and then out of payments to the Bank on calls on unpaid subscriptions. Before making any payments to creditors holding direct claims, the Executive Directors shall make such arrangements as are necessary, in their judgment, to insure a distribution to holders of contingent claims ratably with creditors holding direct claims.

(e) No distribution shall be made to members on account of their subscriptions to the capital stock of the Bank until

- (i) all liabilities to creditors have been discharged or provided for, and
- (ii) a majority of the Governors, exercising a majority of the total voting power, have decided to make a distribution.

(f) After a decision to make a distribution has been taken under (e) above, the Executive Directors may by a two-thirds majority vote make successive distributions of the assets of the Bank to members until all of the assets have been distributed. This distribution shall be subject to the prior settlement of all outstanding claims of the Bank against each member.

(g) Before any distribution of assets is made, the Executive Directors shall fix the proportionate share of each member according to the ratio of its shareholding to the total outstanding shares of the Bank.

(h) The Executive Directors shall value the assets to be distributed as at the date of distribution and then proceed to distribute in the following manner:

- (i) There shall be paid to each member in its own obligations or those of its official agencies or legal entities within its territories, insofar as they are available for distribution, an amount equivalent in value to its proportionate share of the total amount to be distributed.
- (ii) Any balance due to a member after payment has been made under (i) above shall be paid, in its own currency, insofar as it is held by the Bank, up to an amount equivalent in value to such balance.
- (iii) Any balance due to a member after payment has been made under (i) and (ii) above shall be paid in gold or currency acceptable to the member, insofar as they are held by the Bank, up to an amount equivalent in value to such balance.
- (iv) Any remaining assets held by the Bank after payments have been made to members under (i), (ii), and (iii) above shall be distributed *pro rata* among the members.

(i) Any member receiving assets distributed by the Bank in accordance with (h) above, shall enjoy the same rights with respect to such assets as the Bank enjoyed prior to their distribution.

## ARTICLE VII

## STATUS, IMMUNITIES AND PRIVILEGES

Section 1. *Purposes of Article*

To enable the Bank to fulfill the functions with which it is entrusted, the status, immunities and privileges set forth in this Article shall be accorded to the Bank in the territories of each member.

Section 2. *Status of the Bank*

The Bank shall possess full juridical personality, and, in particular, the capacity:

- (i) to contract;
- (ii) to acquire and dispose of immovable and movable property;
- (iii) to institute legal proceedings.

Section 3. *Position of the Bank with regard to judicial process*

Actions may be brought against the Bank only in a court of competent jurisdiction in the territories of a member in which the Bank has an office, has appointed an agent for the purpose of accepting service or notice of process, or has issued or guaranteed securities. No actions shall, however, be brought by members or persons acting for or deriving claims from members. The property and assets of the Bank shall, wheresoever located and by whomsoever held, be immune from all forms of seizure, attachment or execution before the delivery of final judgment against the Bank.

Section 4. *Immunity of assets from seizure*

Property and assets of the Bank, wherever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation or any other form of seizure by executive or legislative action.

Section 5. *Immunity of archives*

The archives of the Bank shall be inviolable.

Section 6. *Freedom of assets from restrictions*

To the extent necessary to carry out the operations provided for in this Agreement and subject to the provisions of this Agreement, all property and assets of the Bank shall be free from restrictions, regulations, controls and moratoria of any nature.

Section 7. *Privilege for communications*

The official communications of the Bank shall be accorded by each member the same treatment that it accords to the official communications of other members.

Section 8. *Immunities and privileges of officers and employees*

All governors, executive directors, alternates, officers and employees of the Bank

- (i) shall be immune from legal process with respect to acts performed by them in their official capacity except when the Bank waives this immunity;
- (ii) not being local nationals, shall be accorded the same immunities from immigration restrictions, alien registration requirements and national service obligations and the same facilities as regards exchange restrictions as are accorded by members to the representatives, officials, and employees of comparable rank of other members;
- (iii) shall be granted the same treatment in respect of travelling facilities as is accorded by members to representatives, officials and employees of comparable rank of other members.

Section 9. *Immunities from taxation*

(a) The Bank, its assets, property, income and its operations and transactions authorized by this Agreement, shall be immune from all taxation and from all customs duties. The Bank shall also be immune from liability for the collection or payment of any tax or duty.

(b) No tax shall be levied on or in respect of salaries and emoluments paid by the Bank to executive directors, alternates, officials or employees of the Bank who are not local citizens, local subjects, or other local nationals.

(c) No taxation of any kind shall be levied on any obligation or security issued by the Bank (including any dividend or interest thereon) by whomsoever held—

- (i) which discriminates against such obligation or security solely because it is issued by the Bank; or
- (ii) if the sole jurisdictional basis for such taxation is the place or currency in which it is issued, made payable or paid, or the location of any office or place of business maintained by the Bank.

(d) No taxation of any kind shall be levied on any obligation or security guaranteed by the Bank (including any dividend or interest thereon) by whomsoever held—

- (i) which discriminates against such obligation or security solely because it is guaranteed by the Bank; or
- (ii) if the sole jurisdictional basis for such taxation is the location of any office or place of business maintained by the Bank.

**Section 10. *Application of Article***

Each member shall take such action as is necessary in its own territories for the purpose of making effective in terms of its own law the principles set forth in this Article and shall inform the Bank of the detailed action which it has taken.

**ARTICLE VIII****AMENDMENTS**

(a) Any proposal to introduce modifications in this Agreement, whether emanating from a member, a governor or the Executive Directors, shall be communicated to the Chairman of the Board of Governors who shall bring the proposal before the Board. If the proposed amendment is approved by the Board the Bank shall, by circular letter or telegram, ask all members whether they accept the proposed amendment. When three-fifths of the members, having four-fifths of the total voting power, have accepted the proposed amendment, the Bank shall certify the fact by a formal communication addressed to all members.

(b) Notwithstanding (a) above, acceptance by all members is required in the case of any amendment modifying

- (i) the right to withdraw from the Bank provided in Article VI, Section 1;
- (ii) the right secured by Article II, Section 3 (c);
- (iii) the limitation on liability provided in Article II, Section 6.

(c) Amendments shall enter into force for all members three months after the date of the formal communication unless a shorter period is specified in the circular letter or telegram.

**ARTICLE IX****INTERPRETATION**

(a) Any question of interpretation of the provisions of this Agreement arising between any member and the Bank or between any members of the Bank shall be submitted to the Executive Directors for their decision. If the question particularly affects any member not entitled to appoint an executive director, it shall be entitled to representation in accordance with Article V, Section 4 (h).

(b) In any case where the Executive Directors have given a decision under (a) above, any member may require that the question be referred to the Board of Governors, whose decision shall be final. Pending the result of the reference to the Board, the Bank may, so far as it deems necessary, act on the basis of the decision of the Executive Directors.

(c) Whenever a disagreement arises between the Bank and a country which has ceased to be a member, or between the Bank and any member during the permanent suspension of the Bank, such disagreement shall be submitted to arbitration by a tribunal of three arbitrators, one appointed by the Bank, another by the country involved and an umpire who, unless the parties otherwise agree, shall be appointed by the President of the Permanent Court of International Justice or such other authority as may have been prescribed by regulation adopted by the Bank. The umpire shall have full power to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

#### ARTICLE X

##### APPROVAL DEEMED GIVEN

Whenever the approval of any member is required before any act may be done by the Bank, except in Article VIII, approval shall be deemed to have been given unless the member presents an objection within such reasonable period as the Bank may fix in notifying the member of the proposed act.

#### ARTICLE XI

##### FINAL PROVISIONS

###### Section 1. *Entry into force*

This Agreement shall enter into force when it has been signed on behalf of governments whose minimum subscriptions comprise not less than sixty-five percent of the total subscriptions set forth in Schedule A and when the instruments referred to in Section 2 (a) of this Article have been deposited on their behalf, but in no event shall this Agreement enter into force before May 1, 1945.

###### Section 2. *Signature*

(a) Each government on whose behalf this Agreement is signed shall deposit with the Government of the United States of America an instrument setting forth that it has accepted this Agreement in accordance with its law and has taken all steps necessary to enable it to carry out all of its obligations under this Agreement.

(b) Each government shall become a member of the Bank as from the date of the deposit on its behalf of the instrument referred to in (a) above, except that no government shall become a member before this Agreement enters into force under Section 1 of this Article.

(c) The Government of the United States of America shall inform the governments of all countries whose names are set forth in Schedule A, and all governments whose membership is approved in accordance



with Article II, Section 1 (b), of all signatures of this Agreement and of the deposit of all instruments referred to in (a) above.

(d) At the time this Agreement is signed on its behalf, each government shall transmit to the Government of the United States of America one one-hundredth of one percent of the price of each share in gold or United States dollars for the purpose of meeting administrative expenses of the Bank. This payment shall be credited on account of the payment to be made in accordance with Article II, Section 8 (a). The Government of the United States of America shall hold such funds in a special deposit account and shall transmit them to the Board of Governors of the Bank when the initial meeting has been called under Section 3 of this Article. If this Agreement has not come into force by December 31, 1945, the Government of the United States of America shall return such funds to the governments that transmitted them.

(e) This Agreement shall remain open for signature at Washington on behalf of the governments of the countries whose names are set forth in Schedule A until December 31, 1945.

(f) After December 31, 1945, this Agreement shall be open for signature on behalf of the government of any country whose membership has been approved in accordance with Article II, Section 1 (b).

(g) By their signature of this Agreement, all governments accept it both on their own behalf and in respect of all their colonies, overseas territories, all territories under their protection, suzerainty, or authority and all territories in respect of which they exercise a mandate.

(h) In the case of governments whose metropolitan territories have been under enemy occupation, the deposit of the instrument referred to in (a) above may be delayed until one hundred and eighty days after the date on which these territories have been liberated. If, however, it is not deposited by any such government before the expiration of this period, the signature affixed on behalf of that government shall become void and the portion of its subscription paid under (d) above shall be returned to it.

(i) Paragraphs (d) and (h) shall come into force with regard to each signatory government as from the date of its signature.

### Section 3. *Inauguration of the Bank*

(a) As soon as this Agreement enters into force under Section 1 of this Article, each member shall appoint a governor and the member to whom the largest number of shares is allocated in Schedule A shall call the first meeting of the Board of Governors.

(b) At the first meeting of the Board of Governors, arrangements shall be made for the selection of provisional executive directors. The governments of the five countries, to which the largest number of

shares are allocated in Schedule A, shall appoint provisional executive directors. If one or more of such governments have not become members, the executive directorships which they would be entitled to fill shall remain vacant until they become members, or until January 1, 1946, whichever is the earlier. Seven provisional executive directors shall be elected in accordance with the provisions of Schedule B and shall remain in office until the date of the first regular election of executive directors which shall be held as soon as practicable after January 1, 1946.

(c) The Board of Governors may delegate to the provisional executive directors any powers except those which may not be delegated to the Executive Directors.

(d) The Bank shall notify members when it is ready to commence operations.

DONE at Washington, in a single copy which shall remain deposited in the archives of the Government of the United States of America, which shall transmit certified copies to all governments whose names are set forth in Schedule A and to all governments whose membership is approved in accordance with Article II, Section 1 (b).

## SCHEDULE A

### Subscriptions

	(millions of dollars)		(millions of dollars)
Australia	200	Iraq	6
Belgium	225	Liberia	. 5
Bolivia	7	Luxembourg	10
Brazil	105	Mexico	65
Canada	325	Netherlands	275
Chile	35	New Zealand	50
China	600	Nicaragua	. 8
Colombia	35	Norway	50
Costa Rica	2	Panama	. 2
Cuba	35	Paraguay	. 8
Czechoslovakia	125	Peru	17. 5
*Denmark		Philippine Common-	
Dominican Republic	2	wealth	15
Ecuador	3. 2	Poland	125
Egypt	40	Union of South Africa	100
El Salvador	1	Union of Soviet Socialist	
Ethiopia	3	Republics	1200
France	450	United Kingdom	1300
Greece	25	United States	3175
Guatemala	2	Uruguay	10. 5
Haiti	2	Venezuela	10. 5
Honduras	1	Yugoslavia	40
Ireland	1		
India	400		
Iran	24	Total	9100

\*The quota of Denmark shall be determined by the Bank after Denmark accepts membership in accordance with these Articles of Agreement.

## SCHEDULE B

### Election of Executive Directors

1. The election of the elective executive directors shall be by ballot of the Governors eligible to vote under Article V, Section 4 (b).

2. In balloting for the elective executive directors, each governor eligible to vote shall cast for one person all of the votes to which the member appointing him is entitled under Section 3 of Article V. The seven persons receiving the greatest number of votes shall be executive directors, except that no person who receives less than fourteen percent of the total of the votes which can be cast (eligible votes) shall be considered elected.

3. When seven persons are not elected on the first ballot, a second ballot shall be held in which the person who received the lowest number of votes shall be ineligible for election and in which there shall vote only (a) those governors who voted in the first ballot for a person not elected and (b) those governors whose votes for a person elected are deemed under 4 below to have raised the votes cast for that person above fifteen percent of the eligible votes.

4. In determining whether the votes cast by a governor are to be deemed to have raised the total of any person above fifteen percent of the eligible votes, the fifteen percent shall be deemed to include, first, the votes of the governor casting the largest number of votes for such person, then the votes of the governor casting the next largest number, and so on until fifteen percent is reached.

5. Any governor, part of whose votes must be counted in order to raise the total of any person above fourteen percent, shall be considered as casting all of his votes for such person even if the total votes for such person thereby exceed fifteen percent.

6. If, after the second ballot, seven persons have not been elected, further ballots shall be held on the same principles until seven persons have been elected, provided that after six persons are elected, the seventh may be elected by a simple majority of the remaining votes and shall be deemed to have been elected by all such votes.

*LIST OF ARTICLES AND SECTIONS*

## Introductory Article

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2. Availability and transferability of currencies
3. Provision of currencies for direct loans
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7. Methods of meeting liabilities of the Bank in case of defaults
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## V. Organization and Management

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3. Voting
4. Executive Directors
5. President and staff
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8. Relationship to other international organizations
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1. Right of members to withdraw
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**VII. Status, Immunities and Privileges**

1. Purposes of Article
2. Status of the Bank
3. Position of the Bank with regard to judicial process
4. Immunity of assets from seizure
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**VIII. Amendments****IX. Interpretation****X. Approval deemed given****XI. Final Provisions**

1. Entry into force
2. Signature
3. Inauguration of the Bank

***SCHEDULES*****SCHEDULE A. Subscriptions****SCHEDULE B. Election of Executive Directors**

## Annex C

### SUMMARY OF AGREEMENTS OF BRETTON WOODS CONFERENCE

This Conference at Bretton Woods, representing nearly all the peoples of the world, has considered matters of international money and finance which are important for peace and prosperity. The Conference has agreed on the problems needing attention, the measures which should be taken, and the forms of international cooperation or organization which are required. The agreements reached on these large and complex matters are without precedent in the history of international economic relations.

#### I. *The International Monetary Fund*

Since foreign trade affects the standard of life of every people, all countries have a vital interest in the system of exchange of national currencies and the regulations and conditions which govern its working. Because these monetary transactions are international exchanges, the nations must agree on the basic rules which govern the exchanges if the system is to work smoothly. When they do not agree, and when single nations and small groups of nations attempt by special and different regulations of the foreign exchanges to gain trade advantages, the result is instability, a reduced volume of foreign trade, and damage to national economies. This course of action is likely to lead to economic warfare and to endanger the world's peace.

The Conference has therefore agreed that broad international action is necessary to maintain an international monetary system which will promote foreign trade. The nations should consult and agree on international monetary changes which affect each other. They should outlaw practices which are agreed to be harmful to world prosperity, and they should assist each other to overcome short-term exchange difficulties.

The Conference has agreed that the nations here represented should establish for these purposes a permanent international body, *The International Monetary Fund*, with powers and resources adequate to perform the tasks assigned to it. Agreement has been reached concerning these powers and resources and the additional obligations which the member countries should undertake. Draft Articles of Agreement on these points have been prepared.

## II. *The International Bank for Reconstruction and Development*

It is in the interest of all nations that post-war reconstruction should be rapid. Likewise, the development of the resources of particular regions is in the general economic interest. Programs of reconstruction and development will speed economic progress everywhere, will aid political stability and foster peace.

The Conference has agreed that expanded international investment is essential to provide a portion of the capital necessary for reconstruction and development.

The Conference has further agreed that the nations should cooperate to increase the volume of foreign investment for these purposes, made through normal business channels. It is especially important that the nations should cooperate to share the risks of such foreign investment, since the benefits are general.

The Conference has agreed that the nations should establish a permanent international body to perform these functions, to be called *The International Bank for Reconstruction and Development*. It has been agreed that the Bank should assist in providing capital through normal channels at reasonable rates of interest and for long periods for projects which will raise the productivity of the borrowing country. There is agreement that the Bank should guarantee loans made by others and that through their subscriptions of capital all countries should share with the borrowing country in guaranteeing such loans. The Conference has agreed on the powers and resources which the Bank must have and on the obligations which the member countries must assume, and has prepared draft Articles of Agreement accordingly.

The Conference has recommended that in carrying out the policies of the institutions here proposed special consideration should be given to the needs of countries which have suffered from enemy occupation and hostilities.

The proposals formulated at the Conference for the establishment of the Fund and the Bank are now submitted, in accordance with the terms of the invitation, for consideration of the governments and people of the countries represented.



REPORT OF COMMISSION I  
(INTERNATIONAL MONETARY FUND)  
TO THE EXECUTIVE PLENARY SESSION

July 20, 1944

Reporting Delegate: Louis Rasminsky, Canada

MR. PRESIDENT:

I have the honor to report to the Conference on the work of Commission I, which was set up by the Conference at its second plenary session on July 3 to consider proposals for the establishment of an International Monetary Fund. The Commission has ended its work with complete success. It held nine sessions under the distinguished chairmanship of Dr. Harry D. White (delegate of the United States of America) whose firm guidance helped bring the Commission safely around all difficult corners. I know that I am voicing the unanimous and sincere feeling of all members of the Commission when I express to Dr. White our deep appreciation of the manner in which he conducted our deliberations.

The Commission carried on a large part of its business through four standing committees, dealing respectively with the Purposes, Policies, and Quotas of the Fund, with the Operations of the Fund, with the Organization and Management of the Fund, and with the Form and Status of the Fund. In all, these standing committees held 26 meetings, and each of them established several subcommittees. In addition, the Commission set up *ad hoc* committees on Uniform Changes in Par Values of Currencies, Exchange Controls on Current Payments, Depositories, Relations with Non-Member Countries, Special Problems of Liberated Areas, Voting Arrangements and Executive Directors, Quotas and, toward the end of its deliberations, a Special Committee on Unsettled Problems. The task of recording the decisions of Commission I was entrusted to a Drafting Committee.

At its final session on July 19, 1944, the Commission adopted the Articles of Agreement of the International Monetary Fund. It is my privilege to transmit to the Conference these Articles of Agreement; they are annexed to this report and form part thereof.<sup>1</sup>

<sup>1</sup> Not printed as an annex to this report. See Articles of Agreement of the International Monetary Fund as contained in the Final Act, p. 28.

I am certain that all members of the Conference will share my view that it has been no small achievement for the representatives of 44 countries to have reached agreement on the desirability of establishing an International Monetary Fund and on the conditions which should govern its operations. The subject is a highly technical and complicated one; and the new and bold vision it embodies might have been expected to render agreement difficult to attain.

I think that there are two main reasons why it has been possible for the Commission, in the short time which has elapsed since it held its first meeting on July 3, to achieve this result. In the first place the technical preparation of this Conference was admirable. The preparation went on steadily for about 18 months before the Conference convened. As has happened so often in the history of ideas, a brilliant concept was developed simultaneously and independently in different parts of the world. In April 1943, the Clearing Union proposal, which will always remain associated with the great name of Lord Keynes, was published in the United Kingdom, and the original American plan for a Stabilization Fund of the United and Associated Nations, the work of Dr. White and his able collaborators, was published in this country. Before and after publication, informal discussions took place between the authors of these proposals and the representatives of interested countries. Like the more formal proceedings of this Conference, these conversations were noncommittal in character and did not bind governments to agree to or support the proposals discussed.

After the United States Treasury officials had held a series of bilateral talks with officials of other governments, they thought it well to organize a more general exchange of views, which took place among the representatives of some 20 countries at Washington in June 1943. After that, bilateral and group talks continued in Washington, in London, and elsewhere, and the officials of certain other countries, including France and Canada, put forward proposals along the same general lines as the British and the American.

As a result of these discussions, the area of agreement on principles was found to be very wide, and this having been ascertained, there was no great difficulty in reaching a satisfactory accommodation as regards the secondary questions relating to techniques and amounts. This accommodation was embodied in the Joint Statement by Experts on the Establishment of an International Monetary Fund of the United and Associated Nations, which was published simultaneously in many of the world's capitals in April 1944 and which constituted the main working paper of Commission I.

The final stage of preparation for the work of this Conference was the informal pre-conference discussions which took place at Atlantic

City from June 15 to June 30, 1944. This meeting provided a useful opportunity for a preliminary exchange of views and it helped materially to shorten and focus the discussions here.

So much for the preparatory work. I repeat that the technical preparation of the Conference was excellent and was largely responsible for the results that have been achieved. I am sure that the Conference has every reason to be grateful to those who gave so unstintingly of their time and effort in the preliminary stages of this work.

But no amount of technical preparation would have been adequate if there had not been in all delegations a single-minded determination to accomplish positive results at Bretton Woods. I have said earlier that at a relatively early stage in the preliminary discussions there was found to be general agreement on major points of principle. These major points of principle I conceive to be three in number: First, that an exchange rate in its very nature is a two-ended thing, and that changes in exchange rates are therefore properly matters of international concern; second, that the peace and prosperity of all will be served by countries agreeing to avoid not only competitive devaluations of their currencies but also exchange restrictions on their current international transactions and bilateralist currency practices of a discriminatory nature; and finally, that means must be found to increase the international liquidity of all countries, to give them assurance that temporary deficits in their international balances of payments can be met without resorting either to deflationary measures which reduce real income and employment at home, the maintenance of which is, in the words of the document I am transmitting to you, one of the "primary objectives of economic policy," or alternatively, to internationally anti-social measures, such as excessive tariffs and other import restrictions.

I wish to pause here for a moment to comment on these last two objectives. The Commission, in asking governments to assume the obligation to make their currencies freely convertible, so that each country can count on using the proceeds of its exports to any part of the world to pay for imports from any part of the world, has been sufficiently realistic to recognize that certain countries will not be able to assume this obligation at once. There are some countries, notably the United Kingdom, who have without calculation or hesitation thrown all they had, including their foreign assets, into the common struggle against our enemies, with the result that they will emerge from the war as heavy debtors on international account. It would be quite unreasonable to ask such countries to assume at once the burden of making their currencies convertible; and in the report I am transmitting to you, arrangements are provided under which this obligation is deferred, without the countries concerned being in

any sense in default of the general obligations they would assume in becoming parties to the Fund Agreement. They do, however, undertake to withdraw exchange restrictions, except on capital transactions, as soon as practicable and to consult with the Fund regarding any which may be maintained after a relatively short period of years.

My second comment relates to the provisions of the Agreement under which members of the Fund may, on specified terms and conditions, purchase foreign exchange for their own currencies in specified amounts. These provisions have given rise to considerable misunderstanding and I think it right to state that the Fund is not regarded, and should not be regarded, as an institution for the provision of long-term capital requirements. The quota of each country should be regarded as an extra reserve to give it confidence to face the uncertain future and not as the primary source of foreign exchange to meet its international commitments. Long-term financing through the Fund must not be practiced, and the Fund Agreement contains provisions designed to this end. A perfect balance will, of course, not be achieved and it would be idle to pretend that there may not, especially in the first few years of the Fund's operations, be some tendency toward meeting other than purely temporary requirements through the Fund. But the Agreement itself makes it clear that "the Fund is not intended to provide facilities for relief or reconstruction". It is intended "to provide members with an opportunity to correct maladjustments in their balance of payments" and "to shorten the duration and lessen the degree" of such maladjustments. In this connection, the Agreement recognizes that creditor as well as debtor countries may be responsible for balance-of-payments difficulties.

I have already said, and repeated, that a wide measure of agreement was found on the three general principles I enunciated. In spite of this, there developed in the deliberations of Commission I, a considerable difference of opinion on detailed provisions. Let me take as an example the important question of exchange stability. There is universal agreement that one of the main purposes of the Fund is "to promote exchange stability, to maintain orderly exchange arrangements among members, and to avoid competitive exchange depreciation". The precise provisions to give effect to this purpose were, however, the subject of considerable debate. There were some who attached so much importance to exchange stability that they desired to give the Fund great authority to prevent changes in exchange rates; while others started from the position that this was a matter of sovereign right and that there should be no suggestion of interference on the part of the Fund. In the end a text was developed and incorporated in the Articles of Agreement which steers a course between these two extreme views. All were willing to accept this

middle course. In the text which was developed there is preserved intact the principle that changes in exchange rates are matters of international concern.

And similarly with other important provisions of the Agreement. In passing from the joint statement, which consisted of 39 paragraphs, to the Articles of Agreement, over 130 alternatives were formally submitted and considered; for some provisions as many as 11 alternatives were put forward. In the end, one single text was agreed on for each of the 80 sections and 5 lengthy schedules of the Agreement.

I mention these facts not on account of any interest in the figures themselves but to place clearly on record that the various delegations have been animated by a spirit of accommodation and adjustment, of mutual give-and-take. It is not irrelevant to raise here the question why this should have been so, why the national groups should have been willing to give up positions originally taken on certain issues.

The answer, I believe, lies in the fact that the delegates in the Commission worked with the realization that what was being given up on particular points was small as compared with what might be accomplished, for the general good, through the establishment of a permanent institution for consultation and collaboration on international monetary matters.

I think, too, that the success of the work of Commission I can partly be ascribed to the fact that the delegations have conducted their work with a vivid recollection of the various international economic conferences which took place between the two great wars. There was a general determination to avoid the fate which befell most of these conferences, and to pass from generalizations and exhortations to action. "Too little and too late" has cost us all so much that there was no disposition on the part of any group to fall again into this calamitous error.

The Commission is well aware that timidity still exists in certain quarters and that even now there are those who say "Why take risks?" and who urge us to go back to some monetary arrangements more familiar than those embodied in the report I am transmitting to you. No one would for a moment deny that there are risks involved in the proposals of the Commission, as there are risks inherent in any extension of credit or in any partnership arrangement. But the realistic course is to appraise the risks of any course of action by determining what are the risks of any alternative course of action or, for that matter, of inaction. On this basis, the risks involved in the present proposals are, in my view, not excessive, nor are they risks we should be afraid to assume. They might, at first sight, appear to be greatest for countries which have a surplus in their current account balance of payments. But I venture to submit that it must be borne in mind that if the creditor countries extend credit through the Fund it will in

effect be goods and not money they will be lending; and that it will be open to them, through their own policies, to obtain the return flow of goods to pay off the loans. It is on the basis of pure national self-interest, of an enlightened and far-sighted kind, that these proposals must be presented in the creditor countries. It is not an act of charity to enable one's customers to maintain their purchases in periods when their foreign-exchange resources are temporarily reduced, especially when in the process of doing this one provides opportunities for employment for one's own people.

As for the exhortations to return to the past, the plain and simple answer to that is that, in the matter of monetary arrangements, the recent past is not good enough to go back to and there would be few countries able or willing to do so. We cannot go back. We must go forward.

I thought it right, Sir, in transmitting this report to you, to make these general observations in order to acquaint the Conference as a whole with the spirit which actuated the work of Commission I. In sum, this spirit was one of determination not to repeat the mistakes of the past but to be reasonably and realistically courageous in breaking new ground.

Before concluding, I should like to express appreciation of the great assistance the Commission and its Committees have received from the Secretariat. The Secretaries of the committees and their assistants have discharged their duties with unfailing efficiency and skill. I wish particularly to express my own thanks to Mr. Leroy Stinebower, who served as Secretary of Commission I and as Secretary of the Drafting Committee. He never tired or failed in his efforts to further the work entrusted to him; and the Commission as a whole, as well as I personally, must feel greatly in his debt.

I should like to say one final word. No one in Commission I thinks that if the International Monetary Fund is established, the world's economic problems will have been solved. We have made only a beginning toward accomplishing the objectives set out in the Atlantic Charter and in article VII of the mutual-aid agreements between the United States and many of the countries here represented. But we feel that we have made a good beginning and that what we have done here should clear the way for similar progress in other related fields. Let us hope that the action in these other fields will be as realistic and constructive as the action we have taken at this Conference.

**REPORT OF COMMISSION II**  
(INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT)  
**TO THE EXECUTIVE PLENARY SESSION**

*July 21, 1944*

Reporting Delegate: Georges Theunis, Belgium

MR. PRESIDENT:

I have the honor to report to the Conference on the work of Commission II, which was set up by the Conference at its plenary session on July 3 to study the proposals for the creation of a Bank for Reconstruction and Development.

The first meeting of Commission II was also held on July 3 and was mainly of a formal character, with the exception of an inspiring address by Lord Keynes and the appointment of an Agenda Committee, which, slightly enlarged, was to become the hard-working Drafting Committee. The Commission met again on July 11. Its chairman, Lord Keynes, proposed a method of work by which the best advantage could be taken of the accomplishment of Commission I while speedy progress was made on the delicate points with which the members of Commission II were confronted.

As in Commission I, the work was divided between four committees, dealing respectively with Purposes, Policies, and Capital of the Bank; Operations; Organization and Management; Form and Status. At the same time, several *ad hoc* subcommittees were created for the purpose of examining points which called for special study and discussion. To these subcommittees the following questions were referred: membership; subscription; rates of capital employable; flat rate of commission; relationship of international agencies; management; suspension and withdrawals; taxation.

Subcommittees—and amongst them the Subscription Committee and the Special Committee on Unsettled Problems—were entrusted with the task of solving the knottier problems. Most of these sub- and *ad hoc* committees were created directly by the Commission, in agreement with the chairman of the committees, and all of them were allowed to report directly to the Commission if it were thought

advantageous. This change of procedure was instrumental in cutting down unnecessary delays. The Commission met nine times and the various committees and subcommittees held numerous meetings.

This afternoon, the Commission adopted the Articles of Agreement of the Bank for Reconstruction and Development, which are attached to the present report and which the Commission requested me to refer for approval to the Plenary Assembly of the Conference.<sup>1</sup>

I must call your attention to the fact that the work of Commission II was simpler in some respects and more complicated in others than the work of Commission I. It was simpler because many of the questions relating to general organization, having already been very carefully studied in Commission I, it sufficed, in most cases, either to accept them as they were, or to adapt them to the particular nature of the problems submitted to Commission II. The work was more complicated because, unlike the Fund, the Bank had not been for a long time past under the scrutiny of international research. Years ago, the questions involving exchange stability were already widely discussed both in Europe and in America. Various solutions had been recommended, and procedures of a somewhat primitive and inadequate character had indeed been in operation between the two wars.

The creation of the Bank was an entirely new venture. Never, during the numerous international meetings which over a period of 25 years have studied all sorts of economic problems, was any thought given to an organization so considerable in its scope and so novel in its conception as that which has been the subject of your deliberations. So novel was it, that no adequate name could be found for it. In so far as we can talk of capital subscriptions, loans, guarantees, issue of bonds, the new financial institution may have some apparent claim to the name of Bank. But the type of shareholders, the nature of subscriptions, the exclusion of all deposits and of short-term loans, the non-profit basis, are quite foreign to the accepted nature of a Bank. However it was accidentally born with the name Bank, and Bank it remains, mainly because no satisfactory name could be found in the dictionary for this unprecedented institution.

Here is another example of our difficulties: The International Monetary Fund offered obvious advantages to its members in exchange for their subscriptions. But, to some people, the advantages offered by the Bank were not so obvious at first sight. Having regard to their economic structure, certain countries might justifiably feel that the Bank could not be of assistance to them and that they would not have to resort to such a source of credit. But here an idea comes into play,

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<sup>1</sup> Not printed as an annex to this report. See Articles of Agreement of the International Bank for Reconstruction and Development as contained in the Final Act, p. 68.



an idea which I do not need to emphasize to you, Gentlemen, who have long been convinced of its real greatness, but which should be impressed on the mass of the people whom you represent. This idea is the idea of human solidarity.

All those who have given thought to the problems which arise every day in connection with the economic life of a country are aware of the economic interdependence of nations. This interdependence may not be immediately apparent. It is unquestionable, however, that a loan granted to one country from the resources or with the guarantee of the Bank will not be advantageous to that country alone. The loan will enable it to reconstruct its economy, destroyed by war, or inadequately developed. As a result, activity is fostered, needs and requirements are satisfied, purchasing power is increased, new markets are born, and, indirectly, by means of the general flow of international trade, all countries finally benefit by the improvement brought about in the particular country which has obtained a loan through the Bank. In this way, capital which is now in excess in certain countries will again be put to productive use and will find its reward not only in the rate of interest on remunerative investments, but also, indirectly, in the promotion of world prosperity which rich countries themselves need in order to maintain and develop their own well-being.

As I said before, some of the problems met with in drafting the regulations of the future Bank were of an entirely new character—much more so than for the Fund, the studies of which were started two years ago.

This is not meant to detract from the merit of our colleagues who concentrated their attention especially on the Monetary Fund and who, I repeat, have greatly facilitated our work. My only intention is to underline the considerable credit due to Commission II, its committees and subcommittees, which, within a limited period of time, have succeeded in overcoming the difficulties involved and in reaching an agreement on the principles which are to govern the activity of the Bank. This achievement would have been impossible without two distinct elements. The first is the brilliant chairmanship of Lord Keynes. Not only has he greatly contributed to the ideas contained in the Articles of Agreement of the Bank, but he also has kept the proceedings at a brisk pace which the delegates sportingly emulated. The other is the untiring and admirable work performed by the Secretariat under the orders of Dr. Kelchner, and by the secretaries of this Commission: Mr. Upgren, Mr. Smithies, and Miss Russell. A considerable number of reports, amendments, and other documents were drawn up, copied, and distributed with sufficient promptitude to permit the work to proceed uninterruptedly.

I should now like to call your attention to a few remarks relating more directly to the Bank. As for the purpose of the Bank, it should be noted that the Bank is established both for the reconstruction and for the development of the member countries, and these two objectives are to be pursued on a footing of equality.

On the other hand, the Bank aims at covering a field distinct from the Fund. As Mr. Rasminsky pointed out in his report to Commission I, "the Fund is not regarded, and should not be regarded, as an institution for the provision of long-term capital requirements". The Fund has been created to provide members with an "opportunity to correct maladjustments in their balance of payments" and "to shorten the duration and lessen the degree" of such maladjustments.

On the contrary, when the Bank promotes or supplements private investments either by means of guarantees and participations in private loans or by providing funds out of its own resources, the aim is to provide capital on a long-term or medium-term basis. Precautionary measures, as you know, appear in various provisions of the Agreement to prevent such movements of capital from hampering the economy of the countries concerned.

Next, I turn to the prospective size of the actual subscription. The capital of the Bank is a huge sum and far exceeds anything the world has ever known in this field. The greater part, however, is in the form of a guarantee fund which cannot be called up except over a period of years and the full amount of which we are entitled to hope will never be called up. Careful recommendations have been worked out regarding the operation of the Bank with a view to protecting its resources and its credit. The first payments provided for, though ample for the initial operations, are moderate enough and are within the capacity of all the subscribers.

In spite of the difficulties encountered, I have found at the Conference ground for comfort.

In 1927, I was taking part in an important economic conference in Geneva. A year of preparatory work and several weeks devoted to discussions were needed before it was possible to recommend to the 51 governments represented the economic policy which in the opinion of the Conference was indispensable to restore prosperity. Alas, those recommendations were never implemented! But during the 17 years that have elapsed since 1927, these ideas on economic policy have made good progress and now find a better response. Indeed, at Bretton Woods we have passed the stage of making recommendations of a more or less general nature; we are recommending action. This is evidenced by the important amounts which various countries are contemplating to subscribe and which bear witness to the frame of mind of the delegates at the end of our deliberations.

But don't let us stop with contemplation of the two milestones we have reached on the arduous road which humanity has to cover before reaching the peaceful prosperity to which we all aspire. Even if the Bank and the Fund succeed in their purposes to the full extent of the most favorable expectations, they cannot be sufficient to restore a prosperous world economy. I would go further and say that they could not be successful in a world whose economy remained chaotic in other respects. But they can be and should be the starting point of this restoration.

Before ending my remarks, I should like to pay tribute to President Roosevelt, to his right-hand man in financial matters, Mr. Morgenthau, and to the Government and the people of the United States of America for the initiative taken by this country in launching, with far-sighted vision, the far-reaching plan which inspired the Articles of Agreement of the Bank. A great deal of our appreciation should also go to Mr. Harry White, who was instrumental in giving shape to the plan.

In promoting the ideas of the Bank and of the Fund, and in calling this Monetary Conference, the Government of the United States of America has, on the common peace front of the United Nations, made a contribution which timely complements that of the glorious American armies on the war front. Allies on the battlefield, we must also do our part together in preparing a better world.

I have stressed the importance of the Fund and of the Bank in the material organization of tomorrow, but the moral element which would be expressed in the success of both organizations would be of paramount value. It would mean that before the war is over, men of good will, men coming from all parts of the world, men of different races and creeds, whose countries have different political systems, have agreed and have succeeded in collaborating in heretofore undreamed-of efforts at insuring a better and more secure future for the whole world. The repercussions of such an achievement will be tremendous.

The plans set up at Bretton Woods are not perfect. Even if they were, their forbidding technicalities and the novelty of their thought might be enough to arouse misapprehension. For many years, I have noticed that economic questions, and especially financial matters, are not properly understood by the masses. When you leave Bretton Woods, Gentlemen, your task will not be over. You who can bear witness to the sincerity of purpose which has prevailed at Bretton Woods can also dissipate false alarms, clear up possible misunderstandings, explain the necessary compromises that were made, and, by so doing, act in your respective countries as pioneers of a just and promising international cooperation.

**REPORT OF COMMISSION III**  
**(OTHER MEASURES FOR INTERNATIONAL MONETARY  
AND FINANCIAL COOPERATION)**  
**TO THE EXECUTIVE PLENARY SESSION**

*July 21, 1944*

Reporting Delegate: Edward C. Fussell, New Zealand <sup>1</sup>

**MR. PRESIDENT:**

It is my privilege to report to the Conference on the proceedings of Commission III, which was set up by the Conference at its second plenary session on July 3, to examine any proposals which might be submitted regarding other means of international financial cooperation.

The work of Commission III, unlike that of Commissions I and II, did not represent the culmination of an organized body of preparatory work during a long period before this Conference was convened. Nevertheless the proposals examined by Commission III represent the views of people who had given long and careful thought to the subject-matter of their recommendations.

Furthermore, there was no limit to the number and variety of proposals which could conceivably have been submitted within the Commission's terms of reference; it is therefore a fine tribute to the wisdom and sense of proportion of every delegation that it was found possible to group the proposals under three main headings, to which I shall refer presently.

The Commission has held three sessions under the most excellent chairmanship of the Honorable Eduardo Suárez, Minister of Finance of Mexico, chairman of the Mexican delegation. Though entire unanimity on all points was naturally not to be expected, it was largely due to his leadership and impartiality that the work of Commission III was brought so harmoniously to its successful conclusion. In saying this I am confident that I am expressing the feeling of every member of the Commission.

In order to provide a basis for the Commission's work an Agenda Committee was appointed at the first meeting of the Commission on July 3 to consider the suggestions received and make recommendations as to the problems which should be dealt with by the Commis-

<sup>1</sup> Mr. Fussell acted as reporting delegate in the absence of Mr. Fisher.

sion. During the ensuing week 15 proposals were received by the Agenda Committee. On examination it was found that these proposals related to three general fields of interest:

*Firstly*—"The Use of Silver for International Monetary Purposes"

*Secondly*—"Enemy Assets, Looted Property, and Related Matters"

*Thirdly*—"Recommendations on Economic and Financial Policy. The Exchange of Information, and Other Means of Financial Cooperation"

Accordingly three *ad hoc* committees were appointed to consider the proposals and make recommendations to the Commission.

At its final meeting the findings of the Commission in respect of the reports of the three committees which I have already named were as follows:

- (i) *The Commission adopted the report of Committee 1 on "The Use of Silver for International Monetary Purposes" and recommended that the following statement be included in the Final Act:*

"The problems confronting some nations as a result of the wide fluctuation in the value of silver were the subject of serious discussion in Commission III. Due to the shortage of time, the magnitude of the other problems on the agenda, and other limiting considerations, it was impossible to give sufficient attention to this problem at this time in order to make definite recommendations. However, it was the sense of Commission III that the subject should merit further study by the interested nations."

- (ii) *The Commission adopted two measures placed before it by Committee 2 under the heading of "Enemy Assets, Looted Property, and Related Matters".*

The one is a recommendation reading as follows:

"The United Nations Monetary and Financial Conference recommends the liquidation of the Bank for International Settlements at the earliest possible moment."

The other is a resolution relating to Enemy Assets and Looted Property, and this was adopted in principle and a drafting committee was appointed to make certain language changes and empowered to prepare a resolution for presentation to the Plenary Session of the

Conference. The resolution as submitted by the drafting committee reads as follows:

**WHEREAS**

In anticipation of their impending defeat, enemy leaders, enemy nationals and their collaborators are transferring assets to and through neutral countries in order to conceal them and to perpetuate their influence, power, and ability to plan future aggrandizement and world domination thus jeopardizing the efforts of the United Nations to establish and permanently maintain peaceful international relations;

**WHEREAS**

Enemy countries and their nationals have taken the property of occupied countries and their nationals by open looting and plunder, by forcing transfers under duress, as well as by subtle and complex devices, often operated through the agency of their puppet governments, to give the cloak of legality to their robbery and to secure ownership and control of important enterprises in the post-war period;

**WHEREAS**

Enemy countries and their nationals have also, through sales and other methods of transfer, run the chain of their ownership and control through occupied and neutral countries, thus making the problem of disclosure and disentanglement one of international character;

**WHEREAS**

The United Nations have declared their intention to do their utmost to defeat the methods of dispossession practiced by the enemy, have reserved their right to declare invalid any transfers of property belonging to persons within occupied territory, and have taken measures to protect and safeguard property, within their respective jurisdictions, owned by occupied countries and their nationals, as well as to prevent the disposal of looted property in United Nations markets;

**THEREFORE**

It is resolved that, in recognition of these considerations, the United Nations Monetary and Financial Conference

I. Takes note of and fully supports steps taken by the United Nations for the purpose of

(a) uncovering, segregating, controlling, and making appropriate disposition of enemy assets;

(b) preventing the liquidation of property looted by the enemy, locating and tracing ownership and control of such looted property, and taking appropriate measures with a view to its restoration to its lawful owners.

II. Recommends that all Governments of countries represented at this Conference take action consistent with their relations with the countries at war to call upon the Governments of neutral countries

(a) to take immediate measures to prevent any disposition or transfer within territories subject to their jurisdiction of any

- (1) assets belonging to the Government or any individuals or institutions within those United Nations occupied by the enemy; and
- (2) looted gold, currency, art objects, securities, other evidences of ownership in financial or business enterprises, and of other assets looted by the enemy;

as well as to uncover, segregate and hold at the disposition of the post-liberation authorities in the appropriate country any such assets within territory subject to their jurisdiction.

(b) to take immediate measures to prevent the concealment by fraudulent means or otherwise within countries subject to their jurisdiction of any

- (1) assets belonging to, or alleged to belong to, the Government or any individuals or institutions within enemy countries;
- (2) assets belonging to, or alleged to belong to, enemy leaders, their associates and collaborators, and

to facilitate their ultimate delivery to the post-armistice authorities.

(iii) *The Commission adopted the report of Committee 3 on "Economic and Financial Policies, Exchange of Information, and Other Means of Financial Co-operation."*

Of the matters considered by Committee 3 two were subject to specific discussion and vote by the Commission.

The first was a resolution combining the proposals submitted by Bolivia, Brazil, Chile, Cuba, and Peru. The text of the resolution, which was adopted by the Commission, is as follows:

WHEREAS

In Article I of the Articles of Agreement of the International Monetary Fund it is stated that one of the principal purposes of the Fund is to facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members as primary objectives of economic policy;

WHEREAS

It is recognized that the complete attainment of this and other pur-

poses and objectives stated in the Agreement cannot be achieved through the instrumentality of the Fund alone;

#### THEREFORE

The United Nations Monetary and Financial Conference recommends to the participating Governments that, in addition to implementing the specific monetary and financial measures which were the subject of this Conference, they seek, with a view to creating in the field of international economic relations conditions necessary for the attainment of the purposes of the Fund and of the broader primary objectives of economic policy, to reach agreement as soon as possible on ways and means whereby they may best:

- (1) reduce obstacles to international trade and in other ways promote mutually advantageous international commercial relations;
- (2) bring about the orderly marketing of staple commodities at prices fair to the producer and consumer alike;
- (3) deal with the special problems of international concern which will arise from the cessation of production for war purposes; and
- (4) facilitate by cooperative effort the harmonization of national policies of Member states designed to promote and maintain high levels of employment and progressively rising standards of living.

The second matter voted on was a resolution introduced by the Australian delegation recommending that the governments invited to accept the International Monetary Agreement be invited to enter, at the same time, into an undertaking to maintain high levels of employment in their respective countries. A motion for adoption of the Australian resolution was defeated.

I cannot end this report without placing on record the value of the ready help so willingly given to the Commission and its committees by the Secretariat. I should like also to pay a tribute to the consistently high standard of performance of the officers and personnel of the committees, notably Mr. Orvis A. Schmidt, who was Secretary not only of the committees, but also of Commission III.

To conclude this report, and in order to place the deliberations of Commission III in perspective, I should like to say that they are supplementary to the reports of Commissions I and II, but in common with the work of those Commissions they deal with financial measures which do not by any means exhaust the efforts and endeavors which must be made in bringing to fruition a grand scheme of world prosperity.



# STATEMENTS OF CERTAIN DELEGATIONS

## CONCERNING

### THE ARTICLES OF AGREEMENT OF THE INTERNATIONAL MONETARY FUND

#### Statement by the Delegation of Australia

##### *Article I*

In the opinion of the Australian Delegation the purposes of the Fund, which provide criteria for its management, place too little emphasis on the promotion and maintenance of high levels of employment, and too much emphasis on the promotion of exchange stability and on shortening the duration and lessening the degree of disequilibrium in international balances of payments.

##### *Article III, Section 1*

In view of the fact that Australia has little gold and few dollars, the quota fixed for Australia will compel her to build up liquid reserves outside the Fund to meet the wide fluctuations in her balance of payments. In doing so she is likely to have to take action in conflict with the purposes of the Fund.

##### *Article IV, Section 5(f)*

The Australian Delegation considered that the Fund should be required to concur in a requested change in a par value when a country has a serious and persistent deficit in its balance of payments accompanied by a seriously adverse change in its terms of trade.

##### *Article V, Section 3(a)(iii)*

The Australian Delegation considered that in view of the wide fluctuations in the balance of payments of many agricultural countries, the annual drawing rights should be greater than twenty-five percent of the quota.

##### *Article V, Section 8*

The Australian Delegation considered the charges provided for in this Section are too high and questioned the principle of charging countries interest which have an adverse balance of payments while provision is made for the payment of two percent interest to countries with a favourable balance of payments. (See Article XII, Section 6(b).)

*Article XV, Section 1*

The Australian Delegation considered that the right of withdrawal should be protected from being made meaningless by membership of the Fund being made a condition of membership of other international bodies.

## Statement by the French Delegation

*Article III, Section 1*

Reservation as to the size of the French quota and of European quotas in general.

*Article III, Section 3*

Reservation as to the omission of a clause permitting enemy occupied countries to reduce their gold subscription by one-fourth.

*Article IV, Section 7*

Reservation on the veto power on uniform changes in par values accorded to members having 10 percent or more of the total of the quotas.

*Article V, Section 3(a) (iii)*

Reservation as to lack of flexibility as a result of prescribing a definite quantitative limitation on the purchase of currency from the Fund to the extent of 25 percent of the quota in a 12-month period.

*Article V, Section 7(b)*

Reservation as to the non-inclusion of a clause in favor of enemy occupied countries in connection with the provisions requiring a member to repurchase its currency from the Fund with gold or convertible currencies.

*Article XIX(b) and (c)*

Reservation as to the definition of "official holdings of monetary reserves."

*Article XIX(i)*

Reservation as to the definition of "current transactions."

*Article XX, Section 3 (b)*

Reservation as to the date mentioned for the selection of permanent executive directors which may not take sufficiently into account the situation of enemy-occupied countries.

## Statement by the Delegation of India

Reservation as to the size of the quota for India.

## Statement by the Delegation of Iran

Reservation as to the size of the quota for Iran.

## Statement by the Delegation of Peru

Peruvian Law No. 7526 of 18th May 1932, which suspended the free conversion of the currency into gold, provided that the gold reserves existing at that time, viz., 16,338.71115 kilos of gold, valued by law at 38,784,832.53 Peruvian Soles, were to be earmarked and kept in custody by the Central Reserve Bank, and were not to be used in any way or manner, nor were ever to become liable to seizure or disposal in any contingency whatsoever. ("Oro intangible" in the original Spanish wording of that Law.) Consequently, the gold thus set aside by Law No. 7526 cannot be taken into account, either for the purpose of estimating Peru's quota and its proportion to be paid in gold, or for use in any of the operations of the Fund, or to cover any contingent or eventual liability of Peru if it ceases to be a member or if the Fund is liquidated.

## Statement by the Delegation of the Union of Soviet Socialist Republics

In the opinion of the Soviet Delegation the following additions to, or alterations of language should have been made in the Articles of Agreement:

*Article III, Section 3*

"Any country represented at the United Nations Monetary and Financial Conference whose home areas have suffered substantial damage from enemy occupation or hostilities during the present war, may reduce its initial gold payment to 75 percent of the amount it would otherwise have to pay."

*Article V, Section 8(f)*

To reword this paragraph as follows:

"Charges and commissions shall be paid partly in gold and partly in local currency of the member, or fully in gold—uniformly by all members—independent of the amount of the monetary reserves of each member."

*Article V, Section 7*

The principle, that so long as a member's holdings of gold and gold convertible exchange exceed its quota, the Fund in selling foreign exchange to that country shall require that one-half of the net sales of such exchange during the Fund's financial year be paid for with gold, should be maintained in conformity with Article III, Section 7(b) of the Joint Statement by Experts on the Establishment of an International Monetary Fund of the United and Associated Nations.

*Article XIII, Section 2(b)*

After the words "in the depositories designated by the remaining four members" to add the words: "in each of the four remaining countries having the largest quotas, gold shall be held in the amount not less than the amount of their respective gold contributions."

*Article XIX, (i) (4)*

Not to include in the term "current transactions" the "remittances for family living expenses", having in view that the Fund may upon the agreement with the members concerned, determine whether certain specific transactions of such kind are to be regarded as current transactions or capital transactions.

*Article XIX, (a) and (e)*

Because of the centralization in the Union of Soviet Socialist Republics of banking operations concerned with international transactions, as a rule, in the Central Bank—the State Bank of the Union of Soviet Socialist Republics, which is performing the functions of financing foreign trade, the Fund in calculating the net foreign exchange holdings of the Union of Soviet Socialist Republics shall take into account the necessity for the State Bank to maintain working exchange balances abroad.

**Statement by the Delegation of the United Kingdom***Article XIII, Section 1*

In the opinion of the British Government the location of headquarters of the Fund ought not to be considered without reference to the location of other international bodies which will be established. The same observations apply equally to the location of the projected Bank for Reconstruction and Development. The British Government may therefore find it necessary at some later date to ask that all such interrelated questions should be considered as a matter for decision between Governments rather than in a technical conference.

# STATEMENTS OF CERTAIN DELEGATIONS

## CONCERNING

### THE ARTICLES OF AGREEMENT OF THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

#### Statement by the Delegation of the United Kingdom

##### *Article XIII, Section 1*

In the opinion of the British Government the location of headquarters of the Fund ought not to be considered without reference to the location of other international bodies which will be established. The same observations apply equally to the location of the projected Bank for Reconstruction and Development. The British Government may therefore find it necessary at some later date to ask that all such interrelated questions should be considered as a matter for decision between Governments rather than in a technical conference.

#### Statement by the Delegation of the Union of Soviet Socialist Republics

##### *Article I (iv)*

This section should be deleted.

##### *Article III, Section 1(b)*

After the words "and expediting the completion of such restoration and reconstruction" the following words should be added: "and shall establish favorable interest and commission rates for such loans."

##### *Article V, Section 11(b)*

The word "initially" should be deleted from the last clause of the second sentence.

## OFFICERS OF THE CONFERENCE <sup>1</sup>

### *President of the Conference*

Henry Morgenthau, Jr., Secretary of the Treasury; *Chairman of the Delegation of the United States of America*

### *Vice Presidents of the Conference*

M. S. Stepanov, Deputy People's Commissar of Foreign Trade; *Chairman of the Delegation of the Union of Soviet Socialist Republics*

Arthur de Souza Costa, Minister of Finance; *Chairman of the Delegation of Brazil*

Camille Gutt, Minister of Finance and Economic Affairs; *Chairman of the Delegation of Belgium*

Leslie G. Melville, Economic Adviser to the Commonwealth Bank of Australia; *Chairman of the Delegation of Australia*

### *Secretary General*

Warren Kelchner, Chief, Division of International Conferences, Department of State

### *Technical Secretary General*

Frank Coe, Assistant Administrator, Foreign Economic Administration

### *Assistant Secretary General*

Philip C. Jessup, Professor of International Law, Columbia University

### *Secretaries and Assistant Secretaries of Technical Commissions and Committees*

H. J. Bittermann, Treasury Department

Karl Bopp, Federal Reserve Board

Alice Bourneuf, Federal Reserve Board

William Adams Brown, Jr., Department of State

Lauren Casaday, Treasury Department

Eleanor Lansing Dulles, Department of State

Charles H. Dyson, Colonel, United States Army, War Department

Mordecai Ezekiel, Department of Agriculture

John Fuqua, Department of State

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<sup>1</sup> For officers of Commissions and Committees, see p. 19.

*Secretaries and Assistant Secretaries of Technical Commissions and Committees—Continued.*

Raymond Mikesell, Treasury Department

Ruth Russell, Department of State

Orvis Schmidt, Treasury Department

Arthur Smithies, Bureau of the Budget

Leroy Stinebower, Department of State

Janet Sundelson, Treasury Department

William L. Ullmann, Captain, United States Army, War Department

Arthur Upgren, Federal Reserve Bank

J. P. Young, Department of State

*Chief Press Relations Officer*

Michael J. McDermott, Special Assistant to the Secretary of State

*Assistant Press Relations Officers*

Harold R. Beckley, Superintendent, Senate Press Gallery

George H. Coffelt, Treasury Department

John C. Pool, Department of State

*Executive Secretary*

Clarke L. Willard, Assistant Chief, Division of International Conferences; Department of State

*Liaison Secretaries*

Elbridge Durbrow, Foreign Service Officer, Department of State

James H. Wright, Foreign Service Officer, Department of State

*Special Assistants to the Secretary General*

Edward G. Miller, Jr., Adviser, Liberated Areas Division, Department of State

Ivan White, Foreign Service Officer, Department of State

*Administrative Secretary*

Lyle L. Schmitter, Department of State

*Assistant Administrative Secretary*

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Frances Armbruster, Department of State

