PROCEEDINGS AND DOCUMENTS OF THE

United Nations Monetary and Financial Conference

BRETTON WOODS, NEW HAMPSHIRE

JULY 1–22, 1944

Vol. I

UNITED STATES GOVERNMENT PRINTING OFFICE, WASHINGTON : 1948

DEPARTMENT OF STATE

Publication 2866

International Organization and
Conference Series I,3

DIVISION OF PUBLICATIONS
OFFICE OF PUBLIC AFFAIRS

For sale by the Superintendent of Documents, U. S. Government Printing Office
Washington 25, D. C. - Price $3.50

Preface

THESE volumes of *Proceedings and Documents of the United Nations Monetary and Financial Conference* held at Bretton Woods, New Hampshire, July 1–22, 1944, are intended primarily as a collection of working papers. The documents included in this publication are reproduced exactly as they were issued at the Conference site, except for some slight rewording of document titles, and with no attempt at editing.

The substantive Conference documents have been arranged for publication in numerical order, except for certain types of documents such as press releases and French and Spanish translations, which were believed more properly to belong in appendixes. Appropriate annotations in the form of footnotes have been added where required. Certain types of documents of a purely administrative nature, such as announcements and news bulletins, have been omitted. In addition, the tables of contents and social and other announcements have been deleted from the issues of the *Journal*. A complete list of all documents issued at the Conference, with specific reference to those that have been omitted, has been included as Appendix II. A list of the symbols used to differentiate the various series of documents has been included as Appendix III.

The principal substantive documents are included in Volume I of the *Proceedings;* the remaining substantive material, together with a comprehensive index, will be found in Volume II. The reader will find the index to be the key to the many documents contained in the two volumes.

The Department of State, the International Monetary Fund, and the International Bank for Reconstruction and Development have collaborated in the arrangement of materials in these volumes; they have also shared the initial costs of publication.

Contents

Introduction

WHEN currency systems were restored after the last war, there was little or no attempt at coordination of measures to provide stability; no machinery was set up to facilitate an orderly adjustment of exchange rates when fundamental conditions necessitated such a revision. The disturbances of the 1930's, involving a resort to competitive currency depreciation, imposition of exchange restrictions, import quotas, and other devices which all but stifled trade, made it clear that improved international financial arrangements were necessary. Currency and exchange difficulties are generally regarded as contributing to a considerable extent to the economic and political breakdown of that period.

During the war financial experts in all countries early came to the recognition that the postwar world would stand in great need of some stabilizing influence in the international financial field.

Discussion of international financial objectives and procedures was stimulated as the war progressed until the middle of 1943 when the first informal discussion of technical experts from a large number of countries was held in Washington. Following this meeting concrete proposals from Canada, China, France, Great Britain, and the United States were exchanged, and in April of 1944 the Joint Statement of Experts on the International Monetary Fund[1] was published simultaneously in Washington, London, Moscow, Chungking, Ottawa, Rio de Janeiro, Mexico City, and Habana. The report was also published in full or abbreviated form in many other countries. It reported the views of the experts of the numerous consulting countries and constituted the basis for the development of the subsequent detailed plan.

Time had not permitted preparation of a similar statement with respect to an international investment bank. The discussions had indicated a large measure of agreement on a proposal for the establishment of such a bank, but the plan was not so far advanced as that for the monetary fund.

---

[1] This joint statement is printed in Appendix IV, p. 1629.

In May 1944 the President of the United States issued invitations to the 44 United and Associated Nations to attend a conference to be held at Bretton Woods, New Hampshire, in July 1944. The Conference was to discuss the proposed Monetary Fund within the terms of the Joint Statement and was to consider, if possible, the Bank proposal.

In order to facilitate the work of the Conference and to work out some of the many details, a preliminary meeting was held at Atlantic City, New Jersey. On June 15 a group of American financial experts assembled there and were joined a few days later by experts from 15 other countries. The group worked intensively, endeavoring to deal with some of the unsettled questions and to produce a more finished document. At this preliminary conference the British experts presented suggestions on the Bank which involved some changes from the earlier plan but which met with almost immediate approval of the experts of the other nations. It became clear that the Conference would be able to consider the establishment of an International Bank as well as a Fund. The group at Atlantic City went directly from there to the Conference at Bretton Woods, New Hampshire, which assembled on July 1, 1944.

The Bretton Woods Conference worked in a spirit of complete cooperation and harmony. All the nations represented at Bretton Woods were interested in finding the best means for cooperation in dealing with international monetary and financial problems. Every country realized that the effectiveness of its own economic policies depended to a considerable extent upon removing the monetary disorders and obstructions that stifled world trade in the 1930's. At the same time, every country represented at Bretton Woods was concerned with protecting its own interests. In this atmosphere of enlightened self-interest the United Nations found the basis for their mutual advantage.

To carry out the work of the Conference three technical commissions were established upon which each delegation was represented. Commission I, under the chairmanship of Harry D. White, of the United States, was charged with formulating the Articles of Agreement of the International Monetary Fund; and Commission II, under Lord Keynes, of the United Kingdom, assumed the same responsibility with respect to the International Bank for Reconstruction and Development. Commission III, under the chairmanship of Dr. Eduardo Suarez, of Mexico, was to consider other means of international financial cooperation.

Each Commission, in turn, established several committees upon which all countries were represented to handle much of the preparatory work. In addition numerous subcommittees were set up to deal with the more technical and controversial problems as they arose. As a general rule decisions were taken without formal vote except in the main commissions.

The first weeks of the Conference were devoted almost exclusively to the work of Commission I on the International Monetary Fund. In fact, a major portion of the Fund articles were in final form before Commission II on the Bank began to function actively. This accounts, in large part, for the degree of parallelism evident between the two instruments since many of the provisions of the Fund articles and decisions in Commission I were adapted for Bank purposes by Commission II in preparing the Bank articles. Thus, in a number of cases, the history of a provision in the Bank articles will require a careful check of the history of a parallel provision in the Fund articles.

Procedurally, the work in Commission I on the Fund agreement commenced with the Secretariat's distributing a preliminary draft of the proposed articles. In this working paper the pertinent provisions of the Joint Statement of Experts were set forth, together with such elaborations thereon as had been formulated by the various delegations separately or jointly at Atlantic City. All proposals relating to a specific provision of the Joint Statement were grouped together and designated as "alternatives" for consideration by the Commission. The Commission allocated the various proposals to the major functional committees which were charged with developing the substantive provisions within their respective jurisdictions. As each committee completed its substantive work the articles were relayed to the Commission's Drafting Committee which was charged with preparing the final document. Whenever, after exhaustive consideration, a committee failed to achieve substantial agreement on a problem, the Commission transferred its consideration to the Special Committee. This body was given final authority to resolve disputed issues of substance, subject only to direct appeal to the Commission. The Special Committee was small in membership, but its technical competence together with its representative composition contributed substantially to the achievement of final accord on many difficult issues.

Commission II followed the same general procedural lines as those indicated for Commission I except that greater use was made of *ad hoc* committees and subcommittees and the functions of the Drafting and Special Committees of Commission I were more or less merged into a single Drafting Committee in the case of Commission II.

Commission III, with a less sharply defined mandate from the Conference, employed a somewhat more flexible procedure.

The principal accomplishments of the Conference were the drawing up of two instruments—the Articles of Agreement of the International Monetary Fund and the Articles of Agreement of the International Bank for Reconstruction and Development. The proposal for the establishment of the first of these bodies, the Fund, was based on the premise that international financial cooperation and the establishment of conditions conducive to international trade are imperative to the economic welfare of the peoples of the world and to world peace. Agreement was therefore reached that there should be established an International Monetary Fund, with powers and resources deemed adequate to perform the tasks assigned to it, for the purpose of maintaining an international monetary system to promote foreign trade and that all nations should thus work together toward the goal of world prosperity.

The second organization projected by the Conference was the International Bank for Reconstruction and Development. Proposals for the establishment of the Bank were based on the premise that postwar reconstruction and development are essential to the general economic interest, that it should be begun as soon as possible, and that expanded international investment is necessary to establish part of the capital for reconstruction and development. It was further agreed that a program for reconstruction and development would aid political stability and foster peace among all nations. In order to accomplish these aims, the Conference recommended that an International Bank for Reconstruction and Development be created and given the powers and resources to carry out the program.

The Conference further recommended that the proposed Articles of Agreement for the establishment of the Fund and of the Bank[2] should be studied carefully by the participating governments and that special attention should be given to the needs of those countries which had suffered from enemy occupation.

In addition, the Conference adopted seven resolutions, statements, and recommendations. Chief among them were: (1) a

[2] The Articles of Agreement for the establishment of the Bank and of the Fund having been accepted by the requisite number of governments, the inaugural meetings of the Boards of Governors of the International Bank for Reconstruction and Development and the International Monetary Fund were held simultaneously at Wilmington Island near Savannah, Ga., Mar. 8–18, 1946.

recommendation that the Bank for International Settlements be liquidated; (2) a statement that, since it was impossible to study the fluctuation of silver at this Conference, a further study be made by the interested governments; (3) a recommendation that all nations assist in the return of looted properties to their rightful owners; and (4) a general recommendation that all nations seek to cooperate more fully with each other to reduce obstacles to trade, to bring about the orderly marketing of stable commodities at fair prices, and to hasten the solution of various international economic problems.

The Articles of Agreement of the International Monetary Fund and the Articles of Agreement of the International Bank for Reconstruction and Development were submitted for ratification to the member governments during 1945. The agreements entered into force on December 27, 1945, when representatives of 30 countries met and participated in a ceremony of signature held in Washington, D.C. The inaugural meeting of the Boards of Governors of the two institutions took place in Savannah, Georgia, on March 8, 1946. The reports of the proceedings of this and subsequent meetings are available elsewhere in published form.

Volume I

PROCEEDINGS AND DOCUMENTS ISSUED AT THE CONFERENCE

Proceedings and Documents Issued at the Conference

Document 6

JOURNAL

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

No. 1 Bretton Woods, New Hampshire July 1, 1944

ORDER OF THE DAY

Saturday, July 1, 1944

12 Noon	Executive Meeting of the Chairmen of the Delegations	Banquet Room
3 p.m.	Inaugural Plenary Session	Auditorium
5 p.m.	Reception by the Delegation of the United States	The Hemicycle
9 p.m.	Committee on Rules and Regulations	Room A
10 p.m.	Committee on Nominations	Room B

(p. 2)

Temporary President of the Conference, Secretary General, and Technical Secretary General

In accordance with established international practice, the President of the United States of America, as Chief of State of the country serving as host to the Conference, has designated the Chairman of the Delegation of the United States, the Honorable Henry Morgenthau, Jr., as Temporary President of the Conference, to serve until the election of the Permanent President.

In further observance of international practice, the President has designated Warren Kelchner, Chief of the Division of International Conferences, Department of State, as Secretary General of the Conference, and V. Frank Coe, Assistant Administrator, Foreign Economic Administration, as Technical Secretary General of the Conference.

Invitation of the United States of America to the Conference

A paraphrase of the circular note sent by the Secretary of State to the Washington missions, inviting them to attend the United Nations Monetary and Financial Conference, follows:

The Secretary of State presents his compliments to Their Excellencies and Messieurs, the chiefs of mission or principal representatives of the governments and authorities of the United Nations and the nations associated with them in this war, and refers to the Joint Statement of Technical Experts recommending the establishment of an international monetary fund and outlining the principles for such a fund.

The Government of the United States feels that the joint statement marks an important step toward international economic cooperation in the post-war world and is confident that others have been equally gratified by this evidence of the desire of the United Nations and the Nations associated with them in this war to cooperate in meeting post-war economic problems.

As a further step toward the realization of this objective, the President of the United States now proposes to call a United Nations conference for the purpose of formulating proposals of a definite character for an international monetary fund and possibly a bank for reconstruction and development. Of course, it would be understood that the delegates would not be required to possess plenipotentiary powers and that the proposals formulated at the meeting would be submitted to the several governments and authorities for acceptance or rejection.

Accordingly, telegraphic instructions have been issued to the chiefs of the appropriate diplomatic missions of the United States to extend on behalf of the President a cordial invitation for the respective governments and authorities to send (p. 3) one or more delegates to the United Nations Monetary and Financial Conference to convene in the United States on July 1, 1944. The governments and authorities are being informed that the United States Delegation to the Conference will be under the chairmanship of the Secretary of the Treasury and that the names of the other United States delegates, as well as information concerning the site of the Conference and arrangements for the meeting, will be forwarded at a later date.

The Government of the United States, believing that the early formulation of precise proposals for an international monetary fund and a bank for reconstruction and development is of vital concern to all of the United Nations group, hopes that favorable replies to the invitations extended on behalf of the President will be received at the earliest possible moment, together with the names of all of the members of the respective delegations.

Mr. Hull will be glad to communicate from time to time to Their Excellencies and Messieurs, the chiefs of mission or principal representatives, detailed information concerning the arrangements for the forthcoming Conference.

DEPARTMENT OF STATE,
Washington, May 26, 1944.

Governments and Authorities Participating in the Conference

Australia
Belgium
Bolivia
Brazil
Canada
Chile
China
Colombia
Costa Rica
Cuba
Czechoslovakia
Dominican Republic
Ecuador
Egypt
El Salvador
Ethiopia
French Committee of National Liberation
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
Yugoslavia

(p. 4)

Credentials of Delegations

It will be appreciated if the chairmen of the respective delegations will cause to be delivered to the Office of the Secretary General, room 138, before noon on Sunday, July 2, the necesary credentials in the form chosen by the respective governments or authorities. It is anticipated that, as is customary, the credentials will be in the form of a certificate, a communication from an appropriate official of the accrediting government or authority, or a certification by the chief of mission at Washington.

Document 7

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

Agenda

I. International Monetary Fund

A. Purposes, Policies and Quotas of the Fund

(Purposes and policies of the Fund, obligations of member countries, transitional arrangements for the period during which the Fund and member countries adopt the agreed policies, relationship of the Fund with the public and with non-member countries, and relationship of member countries with non-member countries, to consider the quota of member countries, the basis for future revision of quotas, and payment of subscriptions in gold and local currency.)

B. Operations of the Fund

(Operations of the Fund including the sale of exchange, acquisition of gold by the Fund, borrowing by the Fund, charges levied by the Fund, determination of parities and changes in parities, guarantee of the value of the assets of the Fund, regulation of capital transactions, apportionment of scarce currencies, and provision for reserves and distribution of profits.)

C. Organization and Management

(Establishment of governing boards, basis for voting, selection of officers, appointment of committees, location of offices and depositories, provision for by-laws and regulations, publication of reports by the Fund, information to be reported to the Fund by member countries, and suspension from membership, liquidation of reciprocal obligations on termination of membership, and general liquidation of the Fund.)

D. Form and Status of the Fund

(Nature of the agreement establishing the Fund, the legal position of the Fund in member countries, immunities of the Fund and its assets, amendment of the Fund agreement and the regulationship of the Fund to other international organizations.)

(p. 2)

II. Bank for Reconstruction and Development

A. Purposes, Policies, Capital and Subscription of the Bank

(Purposes and policies of the Bank, relationship of the Bank with the public and with non-member countries, and relationship of member countries with non-member countries, capital of the Bank, subscription of member countries, proportion of subscriptions to be paid in, payment in gold and local currencies, further calls for payment on subscriptions and the reservation of part of the unpaid capital as a surety fund.)

B. Operations of the Bank

(Conditions under which the Bank may guarantee, participate in or make loans, the manner in which it will aid and encourage equity investment, provision for safeguarding funds lent by the Bank, guarantee of the value of the local currency assets of the Bank, provision for repayment of principal and interest, borrowing by the Bank, the limitation on direct and contingent liabilities of the Bank, the charges the Bank may levy, provision for reserves and distribution of profits, security and foreign exchange transactions the Bank may undertake, and other operations of the Bank.)

C. Organization and Management

(Establishment of governing boards, basis for voting, selection of officers, appointment of committees, location of offices and depositories, provision for by-laws and regulations, publication of reports by the Bank, withdrawal or suspension from membership, contingent liability of former members, and general liquidation of the Bank.)

D. Form and Status of the Bank

(Nature of the agreement establishing the Bank, the legal position of the Bank in member countries, immunities of the Bank and its assets, amendment of the Bank agreement and the relationship of the Bank to other international organizations.)

III. Other Measures for International Financial Cooperation

Document 8

GD/1

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

Inaugural Plenary Session

July 1, 1944
Assembly Hall, 3:00 p.m.

Convening of the Conference by the Secretary General.

Message from the President of the United States.

Responses on behalf of the visiting delegations by the following:

Address by the Chairman of the Delegation of China, the Honorable Hsiang-Hsi Kung.

Address by the Chairman of the Delegation of Czechoslovakia, the Honorable Ladislav Feierabend.

749013—48—2

Appointment by the Temporary President of the Members of the following Committees:

Committee on Credentials

Committee on Rules and Regulations

Committee on Nominations

Address by the Chairman of the Delegation of Mexico, the Honorable Eduardo Suárez.

Address by the Chairman of the Delegation of Brazil, the Honorable Arthur de Souza Costa.

Address by the Chairman of the Delegation of Canada, the Honorable J. L. Ilsley.

Address by the Chairman of the Delegation of the Union of Soviet Socialist Republics, the Honorable M. S. Stepanov.

Election of the Permanent President of the Conference.

Adjournment.

"The Star-Spangled Banner".

Document 11[1]

GD/2
Correction of GD/1

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

Inaugural Plenary Session

July 1, 1944
Assembly Hall, 3:00 p.m.

Convening of the Conference by the Secretary General.

Message from the President of the United States.

Responses on behalf of the visiting delegations by the following:

Address by the Chairman of the Delegation of China, the Honorable Hsiang-Hsi Kung.

Address by the Chairman of the Delegation of Czechoslovakia, the Honorable Ladislav Feierabend.

Appointment by the Temporary President of the Members of the following Committees:

Committee on Credentials

Committee on Rules and Regulations

Committee on Nominations

Address by the Chairman of the Delegation of Mexico, the Honorable Eduardo Suarez.

[1] Document 11 is a corrected version of Document 8.

Address by the Chairman of the Delegation of Brazil, the Honorable Arthur de Souza Costa.
Address by the Chairman of the Delegation of Canada, the Honorable J. L. Ilsley.
Address by the Chairman of the Delegation of the Union of Soviet Socialist Republics, the Honorable M. S. Stepanov.
Election of the Permanent President of the Conference.
Address of the Permanent President of the Conference.
Adjournment.
"The Star-Spangled Banner".

Document 13

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

Draft Regulations

Document 14

C/RR/1

Regulations of the United Nations Monetary and Financial Conference

Chapter I

Representation

Art. 1. Representation at the Conference shall be confined to the delegations accredited by the governments or authorities of the United Nations and the nations associated with them in the war, in response to the invitation extended by the President of the United States of America to participate in the United Nations Monetary and Financial Conference.

Chapter II

Personnel of the Conference

SECTION I

Temporary President

Art. 2. The President of the United States of America shall designate the Temporary President of the Conference who shall preside at the opening session and shall continue to preside until the Conference elects a Permanent President.

Art. 3. At the opening plenary session of the Conference, the Temporary President shall appoint the following committees:

(a) Committee on Credentials,
(b) Committee on Rules and Regulations, and
(c) Committee on Nominations.

SECTION II
Permanent President

Art. 4. The Permanent President of the Conference shall be elected by an absolute majority of the delegations of states represented at the Conference.

Art. 5. The duties of the Permanent President shall be:

First. To preside at the meetings of the Conference and to submit for consideration in their regular order the subjects contained in the order of the day.

Second. To concede the floor to the delegates in the order in which they may have requested it.

Third. To decide all questions of order raised during the debates of the Conference. Nevertheless, if any delegate shall so request, the ruling made by the chair shall be submitted to the Conference for decision by a majority vote of the delegations.

(p. 2) *Fourth.* To call for votes and to announce the result of the vote to the Conference.

Fifth. To transmit to the delegates in advance, through the Secretary General, the order of business of each plenary session.

Sixth. To prescribe all necessary measures for the maintenance of order and strict compliance with the regulations.

SECTION III
Vice Presidents

Art. 6. Four Vice Presidents shall be elected by an absolute majority of the delegations of states represented at the Conference. In the absence of the Permanent President, a Vice President shall preside at the plenary sessions of the Conference. A Vice President, when acting as President, shall have the same powers and duties as the President.

SECTION IV
Secretary General

Art. 7. The Secretary General of the Conference shall be appointed by the President of the United States of America.

The duties of the Secretary General are:

First. To organize, direct, and coordinate the work of the secretaries, assistant secretaries, secretaries of committees, interpreters, clerks and other employees whom the Government of the United States of America may appoint for service with the secretariat of the Conference. He shall also assist with and coordinate the work of the several Technical Commissions of the Conference.

Second. To serve as the principal adviser to the President of the Conference on parliamentary, procedural and protocol matters.

Third. To receive, distribute, and answer the official correspondence of the Conference in conformity with the resolutions of that body.

Fourth. To prepare, or cause to be prepared under his supervision, the minutes of the meetings of the Conference, the Committees, and the Technical Commissions in conformity with the notes the secretaries shall furnish him.

Fifth. To distribute among the Committees and Technical Commissions the matters on which they are required to present reports, and place at the disposal of the Committees everything that may be necessary for the discharge of their duties.

(p. 3) *Sixth.* To prepare the order of the day in conformity with the instructions of the President.

Seventh. To be the intermediary between the delegations or their respective members in matters relating to the Conference, and between the delegates and the authorities of the Government of the United States of America.

Eighth. To perform such other functions as may be assigned to him by the regulations, by the Conference, or by the President.

SECTION V

Technical Secretary General

Art. 8. The Technical Secretary General of the Conference shall be appointed with the approval of the President of the United States of America.

The duties of the Technical Secretary General are:

First. To coordinate the work of the Technical Commissions and their Committees.

Second. To plan and supervise the work of the Secretaries of the Technical Commissions and their Committees.

Third. To supervise the preparation of the reports and minutes of the Technical Commissions and their Committees.

Fourth. To advise the delegations on questions pertaining to the technical work of the Conference.

Fifth. To advise with the Secretary General on the preparation of the Final Act and the Proceedings of the Conference.

SECTION VI

Participants

Art. 9. Participants in the Conference shall be limited to the following:

(p. 4) (a) Delegates accredited by the governments and authorities to which the invitations on behalf of the President of the United States of America have been extended. Delegates accredited by the invited governments and authorities shall have the privilege of attending all plenary sessions and all meetings of the Technical Commissions of the Conference; shall have the privilege of addressing the plenary sessions and meetings of the Technical Commissions and their Committees subject only to regulations hereafter described; shall have the privilege of voting at all plenary or general sessions and at all of the Technical Commission and Committee meetings subject to restrictions hereafter specified concerning the casting of a delegation vote.

(b) Technical advisers and other members of the delegations of the governments and authorities which have been invited to participate may attend with their delegates the plenary or committee sessions and meetings of the Technical Commissions but they shall not have the right to vote except as hereafter provided. Such other persons may attend as the Steering Committee of the Conference may determine.

Chapter III

General Committees of the Conference

Art. 10. The following General Committees shall be constituted:

(a) Committee on Nominations, composed of five members appointed by the Temporary President. The Nominating Committee shall propose candidates for the following offices: Permanent President of the Conference; four Vice Presidents of the Conference; Chairmen and Vice Chairmen and Reporting Delegates of the Commissions; Chairmen and Reporting Delegates of the Committees of Commissions I and II; and the members of the Steering Committee.

(b) Steering Committee, composed of the President of the Conference as Chairman and ten other members elected by the Conference, following the receipt of the recommendations of the Committee on Nominations.

(c) Committee on Credentials, composed of five members appointed by the Temporary President.

(d) Committee on Rules and Regulations, composed of five members appointed by the Temporary President.

(e) Coordinating Committee, composed of seven members, the Committee to be constituted by the Steering Committee.

Art. 11. Prior to the first plenary session, a meeting of the Chairmen of the delegations shall be held at which the organization of the Conference shall be considered and recommendations formulated for submission to the Conference at the first plenary session.

(p.5)

Chapter IV

Art. 12. The Conference shall be divided into the following three Technical Commissions and Committees and such other Committees as the respective Commissions shall determine.

COMMISSION I. International Monetary Fund

- Committee 1. Purposes, Policies and Obligations of the Fund.
- Committee 2. Operations of the Fund.
- Committee 3. Organization and Management.
- Committee 4. Form and Status of the Fund.

COMMISSION II. Bank for Reconstruction and Development.

- Committee 1. Purposes, Policies, Capital and Subscription of the Bank.
- Committee 2. Operations of the Bank.
- Committee 3. Organization and Management.
- Committee 4. Form and Status of the Bank.

COMMISSION III. Other Means of International Financial Cooperation.

Art. 13. The Reporting Delegate of each Commission shall present to a plenary session of the Conference the conclusions at which the Technical Commissions may arrive after they have been reviewed by the Coordinating Committee.

Art. 14. The representative of the Delegation elected as Chairman or as Recording Secretary of a Committee of a Technical Commission, shall be the Chairman of the Delegation indicated or such other member of that Delegation as the Chairman may designate.

Art. 15. Each delegation shall be entitled to be represented by one or more of its members in each of the Technical Commissions. The names of such members shall be transmitted by each delegation to the Secretary General as soon as possible and in any event before the first regular meeting of each Commission.

(p. 6)

Chapter V

Language of the Conference

Art. 16. English shall be the official language of the Conference.

Chapter VI

The Delegations

Art. 17. A delegation not present at the session at which a vote is taken may deposit or transmit its vote in writing to the Secretary, which shall be counted provided it has been transmitted or deposited before the vote is declared closed. In this event, the delegation shall be considered as present and its vote counted.

Art. 18. Each delegation shall be entitled to one vote, to be cast through the chairman or such member as may be designated to act for the delegation on questions considered at Technical Commission and Committee meetings or at the plenary sessions of the Conference. Delegations may arrange for the substitution of delegates at specified meetings in the manner provided in Article 26.

Chapter VII

Meetings of the Conference, Conference Committees, and Technical Commissions

Art. 19. The first meeting of the Conference shall be held at the time and place designated by the Government of the United States of America and further sessions on such days as the Conference may determine.

Art. 20. Attendance by a majority of the nations participating in the Conference shall constitute a quorum at plenary sessions. Similarly, the presence of a majority of the delegations participating in the Technical Commissions shall constitute a quorum at the meetings of the respective Commissions and the presence of the same proportion of members of General Committees shall constitute a quorum.

Art. 21. In the deliberations of the plenary sessions as well as in the Committees and Technical Commissions, the delegation of each state represented at the Conference shall have but one vote and the votes shall be taken separately in alphabetical order in the English language and recorded in the minutes of the respective sessions.

(p. 7) Art. 22. Votes as a general rule shall be taken orally unless any delegate should request that they be taken in writing.

In this case each delegate shall deposit in an urn a ballot containing the name of the nation which it represents and the sense in which the vote is cast. The secretary shall read aloud these ballots, count the votes, and record the results.

Art. 23. The Conference shall not proceed to vote on any report, project or proposal relating to any of the subjects included in the agenda unless at least two-thirds of the nations attending the Conference are represented by one or more delegates. The same proportion of the delegations participating in the Technical Commissions shall be present before a vote is undertaken at Commission meetings. The General Committees likewise shall proceed to vote only with the attendance of at least two-thirds of their respective members. In the event of written voting at any session or meeting, the count shall be taken of the votes deposited in writing as provided for in Articles 21 and 22, the absent delegates being considered present, only for the purpose of the vote, when they have submitted their vote in the manner indicated.

Art. 24. Except in cases expressly indicated in these Regulations, proposals, reports and projects under consideration by the Conference or by any of the Committees or Technical Commissions shall be considered approved when they have obtained the affirmative vote of an absolute majority of the delegations represented by one or more of their members at the meeting where the vote is taken. Any delegation which may have deposited its vote in the manner prescribed in Article 18 shall be considered as present at the meeting.

Art. 25. The following may attend the sessions of the Conference and the meetings of the Technical Commissions and of their committees: the delegates, their technical advisers and other members of their delegations; members of the Secretariat of the Conference; and any others to whom the Steering Committee of the Conference may extend this privilege.

Art. 26. Should it be impossible for a delegate to attend a particular session, either a plenary session or a meeting of a Technical Commission or Committee, the delegation may designate a member to substitute for him. In such case the one so designated shall have the right to voice and vote on behalf of his delegation. Notification of such appointment shall be communicated in advance to the Secretary General, to the Secretary of the Committee, or to the Secretary of the Technical Commission, as the case may be.

Art. 27. The opening and closing sessions of the Conference shall be public. Other public sessions may be held when previously agreed upon and so ordered by a majority vote of the Steering

Committee. The meetings of [p. 8] the Technical Commissions and their Committees shall be private unless otherwise ordered by a majority vote of the delegations. The meetings of the General Committees shall be private.

Art. 28. All projects or proposals which a delegation may wish to present to the Conference shall be delivered to the Secretary General as soon as possible but not later than one week after the opening plenary session of the Conference. No project or proposal shall be considered until copies thereof shall have been distributed by the Secretary General among the participating delegations. No proposal of a topic which constitutes an addition to the agenda shall be included unless it has the consent of two-thirds of the Steering Committee.

Chapter VIII

Minutes of the Sessions and Publications of the Meeting

Art. 29. The Secretary General shall cause to be kept verbatim minutes of the public plenary sessions of the Conference. The Secretary General shall prepare a summarized record of the proceedings of private plenary sessions which shall be preserved in the archives of the Conference.

Art. 30. The Secretary of each Technical Commission and of each Committee shall prepare brief minutes of each session which shall be approved by the respective Chairmen before presentation to the Secretary General for distribution to the delegations. These minutes shall contain a record of the conclusions at which the Commission or Committee may arrive.

Art. 31. The minutes of all private meetings, whether of the Conference, the Technical Commissions or Committees, shall be available to the participating governments and authorities but shall be regarded as confidential.

Art. 32. The conclusions at which the Conference may arrive shall be incorporated in a Final Act which shall be signed by the delegates at the final session.

Art. 33. The Government of the United States of America shall publish the minutes of the public plenary sessions and the Final Act and shall forthwith transmit certified copies to the governments participating in the Conference and to the delegates attending the sessions.

Art. 34. The original minutes and the original copy of the Final Act shall be preserved in the archives of the Government of the United States of America to which they shall be sent by the Secretary General.

(p. 9)

Chapter IX

Approval of and Amendments to the Regulations

Art. 35 These regulations, after approval by an absolute majority of the delegations meeting in plenary session, shall be subject to subsequent modification only upon the recommendation, by a two-thirds vote, of the Steering Committee and by vote of two-thirds of the Conference meeting in plenary session.

Document 21

C/RR/2

Notice of Meeting

Committee on Rules and Regulations

Saturday, July 1, 1944, 9:00 p.m.—Hemicycle Room

Members:

China .... H. H. Kung, *Chairman*
Nicaragua .... Guillermo Sevilla Sacasa
Poland .... Ludwig Grosfeld
Australia .... Leslie G. Melville

Secretary: Phillip Jessup

Document 22

C/N/1

Notice of Meeting

Committee on Nominations

Saturday, July 1, 1944, 10:00 p.m.—Room B

Members:

New Zealand .... Walter Nash, *Chairman*
Luxembourg .... Hugues Le Gallais
Honduras .... Julian R. Caceres
Iceland .... Magnus Sigurdsson
Peru .... Pedro Beltran

Secretary: Mr. V. Frank Coe

Document 23

C/CR/1

Notice of Meeting

Committee on Credentials

Sunday, July 2, 9:00 p.m.—Room A

Members:

Cuba	Eduardo I. Montoulieu, *Chairman*
Netherlands	J. W. Beyen
Union of South Africa....	S. F. N. Gie
Liberia	William E. Dennis
Norway	Wilhelm Keilhan

Secretary: Edward G. Miller, Jr.

Document 26 (21)

Notice of Meeting

Committee on Rules and Regulations

Saturday, July 1, 1944, 9:00 p.m.—Hemicycle Room

Members:

China	H. H. Kung, *Chairman*
Nicaragua	Guillermo Sevilla Sacasa
Poland	Ludwig Grosfeld
Australia	Leslie G. Melville
Iraq	Ibrahim Kamal

Secretary: Phillip Jessup

Document 28

JOURNAL

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

No. 2 Bretton Woods, New Hampshire July 2, 1944

ORDER OF THE DAY

Sunday, July 2, 1944

9 p.m.	Committee on Credentials	Room A

(p. 6)

Inaugural Plenary Session

(Auditorium, July 1, 3 p.m.)

The Inaugural Plenary Session of the United Nations Monetary and Financial Conference met in the Auditorium at 3 p.m., July 1, 1944. The Conference was convened by the Secretary General, who announced that in accordance with international practice, the President of the United States had designated as Temporary Chairman of the Conference, the Honorable Henry Morgenthau, Jr. Mr. Morgenthau took the Chair and called on the Secretary General to read a message of welcome from the President of the United States. The Honorable Hsiang-Hsi Kung, on behalf of the Delegation of China, and the Chairman of the Delegation of Czechoslovakia, the Honorable Ladislav Feierabend, responded.

The Temporary President appointed the following committees, in accordance with a resolution introduced by Sir A. J. Raisman, Chairman of the Delegation of India, and duly seconded and passed by the Conference:

Committee on Credentials

Cuba	Eduardo I. Montoulieu, *Chairman*
Netherlands	J. W. Beyen
Union of South Africa	S. F. N. Gie
Liberia	William E. Dennis
Norway	Wilhelm Keilhan

Committee on Rules and Regulations

China	H. H. Kung, *Chairman*
Nicaragua	Guillermo Sevilla Sacasa
Poland	Ludwig Grosfeld
Australia	Leslie G. Melville
Iraq	Ibrahim Kamal

Committee on Nominations

New Zealand	Walter Nash, *Chairman*
Luxembourg	Hugues Le Gallais
Honduras	Julián R. Cáceres
Iceland	Magnus Sigurdsson
Peru	Pedro Beltrán

The Chairman of the Delegation of Mexico, the Honorable Eduardo Suarez, nominated Secretary Morgenthau for Permanent President of the Conference. The motion was seconded by the Chairman of the Delegation of Brazil, the Honorable Arthur de Souza Costa, the Chairman of the Delegation of Canada, the

Honorable J. L. Ilsley; and the Chairman of the Delegation of the Union of Soviet Socialist Republics, the Honorable M. S. Stepanov. Thereupon, Secretary Morgenthau was unanimously elected Permanent President of the Conference.

Secretary Morgenthau addressed the Conference. (This and other addresses of the Inaugural Plenary Session have been printed and distributed separately.)

The meeting was adjourned at 4:10 p.m. with the playing of The Star-Spangled Banner.

(p. 7)

Meetings of General Committees

The Committee on Rules and Regulations met on Saturday, July 1, 1944, at 9 p.m. in the Hemicycle Room with H. H. Kung (China) as Chairman. It will report to the plenary session at 10 a.m. on Monday.

The Committee on Nominations met on Saturday, July 1, 1944, at 10 p.m. with Walter Nash (New Zealand) as Chairman. It will report to the plenary session at 10 a.m. on Monday.

Correction in Draft Regulations of the Conference

A number of the mimeographed copies of the draft regulations of the Conference (Doc. No. 13) which were distributed on Saturday evening contain a typographical error. Chapter III, article 10(b) should read as follows:

> "(b) Steering Committee, composed of the President of the Conference as Chairman and ten other members elected by the Conference, following the receipt of the recommendations of the Committee on Nominations."

Credentials of Delegations

It will be appreciated if the chairmen of the respective delegations will cause to be delivered to the Office of the Secretary General, room 136, before noon today, the necessary credentials in the form chosen by the respective governments or authorities. It is anticipated that, as is customary, the credentials will be in the form of a certificate, a communication from an appropriate official of the accrediting government or authority, or a certification by the chief of mission at Washington.

Document 32

SA/1
Document F-1
July 1, 1944

Preliminary Draft of Suggested Articles of Agreement for the Establishment of an International Monetary Fund

There is attached a preliminary draft of provisions which have been submitted to the Secretariat.

At the top of each page there is set forth the pertinent provision of the Joint Statement of Principles. Immediately below appear alternative and supplementary texts submitted to the Secretariat. It is expected that further suggestions will be made and as they are presented to the Secretariat, they will be distributed for inclusion in the attached draft.

The Secretariat has attempted to put the various proposals together in a manner which would be helpful in the consideration of the alternative provisions suggested. The order adopted conforms in general to the Joint Statement but is in no way indicative of where the provisions might appropriately appear in a final document.

The Secretariat is aware of the possibility that errors and omissions have been made in the attached draft, despite the care employed in its preparation. Accordingly, the Secretariat requests the indulgence of any delegation whose proposals may have been partially or wholly omitted or improperly presented. If the attention of the Secretariat is called to any error or omission, such error or omission will be corrected promptly.

Three types of alternatives have been submitted: (1) Suggestions that do not appear to make substantial changes in the Joint Statement provisions but merely modify the language for purposes of clarity, (2) suggestions that substantially modify the Joint Statement provisions, and (3) suggestions that supplement the provisions of the Joint Statement. For the convenience of the reader, the Secretariat has used symbols to indicate the character of the alternative provisions submitted. In each case the characterization is that of the Secretariat and, if errors have been made, the proper characterization (p. ii) should be communicated to the Secretariat by the delegation proposing the alternative provision so that corrections can be made. The symbols employed are:

* = No substantial change
& = Substantial change
# = Supplementary material

(p. 1)

Joint Statement I

I. *Purpose and Policies of the Fund*

The Fund will be guided in all its decisions by the purposes and policies set forth below:

1. To promote international monetary cooperation through a permanent institution which provides the machinery for consultation on international monetary problems.

2. To facilitate the expansion and balanced growth of international trade and to contribute in this way to the maintenance of a high level of employment and real income, which must be a primary objective of economic policy.

3. To give confidence to member countries by making the Fund's resources available to them under adequate safeguards, thus giving members time to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity.

4. To promote exchange stability, to maintain orderly exchange arrangements among member countries, and to avoid competitive exchange depreciation.

5. To assist in the establishment of multilateral payments facilities on current transactions among member countries and in the elimination of foreign exchange restrictions which hamper the growth of world trade.

6. To shorten the periods and lessen the degree of disequilibrium in the international balance of payments of member countries.

7/1/44 J.S. Art. I

(p. 1a)

Alternative A

The purposes of the International Monetary Fund are:

* 1. To promote international monetary co-operation by providing permanent machinery for consultation on international monetary problems.

* 2. To facilitate the expansion and balanced growth of international trade and to contribute thereby to the maintenance of high levels of employment and real income, as a primary objective of economic policy.

* 3. To give confidence to member countries by making the Fund's resources available to them under adequate safeguards, thus giving them time to correct maladjustments in their balance

of payments without resort to measures destructive of national or international prosperity.

* 4. To promote exchange stability, to maintain orderly exchange arrangements among member countries, and to avoid competitive exchange depreciation.

* 5. 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.

* 6. To shorten the periods and lessen the degree of disequilibrium in the international balance of payments of members.

\# The Fund shall be guided in all its decisions by the purposes set forth above.

7/1/44 J.S. Art. I

(p. 1b)

Alternative B

(Substitute for Joint Statement I, subdivisions 2, 3, 4 and 6)

* 2. To facilitate the expansion and balanced growth of international trade and to contribute to a high level of employment and real income which must be a primary objective of economic policy.

& 3. To make the Fund's resources available to members under adequate safeguards and to assist them to correct maladjustments in their balance of payments without resort to measures destructive of national or international prosperity.

& 4. To secure orderly changes in exchange rates among member countries where necessary to correct exchange disequilibrium, thus promoting exchange stability and avoiding competitive exchange depreciation.

* 6. *In accordance with the above principles,* to shorten the periods and lessen the degree of disequilibrium in the international balance of payments of member countries.

Alternative C

(Substitute for Joint Statement I, subdivision 2)

& 2. To facilitate the expansion and balanced growth of international trade, *to assist in the fuller utilisation of the resources of economically underdeveloped countries* and to contribute thereby to the maintenance in the world as a whole of a high level of employment and real income, which must be a primary objective of economic policy;

749013—48—3

Alternative D

(Substitute for Joint Statement I, subdivision 4)

& 4. To promote exchange stability and avoid competitive exchange depreciation by securing, where necessary to correct exchange disequilibrium, orderly changes in exchange rates among member countries.

7/1/44 J.S. Art. I

(p. 1c)

Alternative E

(Substitute the following for Joint Statement I, subdivision 4)

& 4. To promote exchange stability.

& 5. To avoid competitive exchange depreciation by securing, where necessary to correct fundamental disequilibria, orderly changes in par values of member currencies.

Alternative F

(Add as a new subdivision)

To correlate procedures for exchange stability with a policy for the promotion of international investment by other international financial agencies and to evolve a working relationship with such agencies.

Alternative G

(Add as a new subdivision)

To promote and facilitate the settlement of abnormal indebtedness arising out of the war.

7/1/44 J.S. Art. I

(p. 2)

JOINT STATEMENT II, 1

II. *Subscription to the Fund*

1. Member countries shall subscribe in gold and in their local funds amounts (quotas) to be agreed, which will amount altogether to about $8 billion if all the United and Associated Nations subscribe to the Fund (corresponding to about $10 billion for the world as a whole).

Alternative A

#Section 1. *Countries Eligible for Membership.*

The members of the Fund shall be those of the countries represented at the United Nations Monetary and Financial Conference whose governments accept membership in the Fund.

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

#Section 2. *Quotas.*

Each member shall be assigned a quota. The quotas of the countries represented at the United Nations Monetary and Financial Conference shall be those set forth in Schedule A.

(Schedule A to be added later)

Quotas of other countries which become members of the Fund shall be determined by the Fund.

#Section 3. *Time and Place of Payment.*

Each member shall provide the Fund at the appropriate depository with the full amount of its quota on or before the date fixed for exchange transactions in its currency to begin. Any member whose quota is increased shall provide the full amount of the increase within thirty days of the date on which the member approves the increase in its quota.

7/1/44 J.S. Art. II
Sec. 1

(p. 2a)

Alternative B

(It is suggested to add to the text of Alternative A:)

Notwithstanding the fundamental principles on payment of quotas particular arrangements may be made with countries whose currency system has been disrupted as a result of enemy occupation. Such arrangements may not extend over more than nine months i.e., after nine months, at the latest, the obligations of the country will be the same as they would have been if such an exception had not been granted. The government of the respective country has to guarantee by a specific act that the fund will not suffer any loss because of that particular arrangement.

7/1/44 J.S. Art. II
Sec. 1

(p. 3)

JOINT STATEMENT II, 2

2. The quotas may be revised from time to time but changes shall require a four-fifths vote and no member's quota may be changed without its assent.

Alternative A

* Section 4. *Adjustment of Quotas.*

The Fund may, at intervals of five years, adjust 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 vote shall be required for any change in quotas and no quota shall be changed without the consent of the member concerned.

7/1/44

J.S. Art. II
Sec. 2

(p. 4)

JOINT STATEMENT II, 3

3. The obligatory gold subscription of a member country shall be fixed at 25 percent of its subscription (quota) or 10 percent of its holdings of gold and gold-convertible exchange, whichever is the smaller.

Alternative A

* Section 5. *Initial Payments.*

Each member shall pay in gold the smaller of (a) twenty-five percent of its quota or (b) ten percent of its official holdings of gold and gold-convertible exchange[1] on ————. In the case of any member occupied by the enemy whose holdings are not ascertainable as of ————, the Fund shall fix an appropriate alternative date. The data necessary to determine official holdings of gold and gold-convertible exchange shall be furnished by the members as provided in this Agreement.

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

\# Section 6. *Payments When Quotas are Changed.*

(a) Each member whose quota is increased shall pay twenty-five percent of the increase in gold. Each member shall pay the balance of any increase in its own currency. If, however, on the date the member approves an increase, its holdings of gold and gold-convertible exchange are less than its new quota, the Fund may reduce the portion of the increase to be paid in gold.

(b) Each member whose quota is reduced shall receive from the Fund within thirty days of the reduction an amount in its own currency or gold equal to the reduction. In making this

---

[1] The phrase "gold and gold-convertible exchange" is subject to definition and to such change in terminology as may be agreed.

payment, the Fund shall pay to such member only the amount of gold necessary to prevent reducing the holdings of the Fund of that currency below seventy-five percent of such new quota of the member.

7/1/44 J.S. Art. II
Sec. 3

(p. 4a)

Alternative B

(Add at the end of Joint Statement II, 3)

& Any country represented at the United Nations Monetary and Financial Conference whose home areas have suffered from enemy occupation and hostilities during the present war, may reduce its gold payment to between seventy-five and fifty percent of the amount it would otherwise have to pay, dependent on the extent of the damage caused to it by the enemy occupation and hostilities.

Alternative C

(Add to Joint Statement II, 3)

& Any country represented at the United Nations Monetary and Financial Conference whose home areas have suffered substantial damage from enemy action or occupation during the present war, may reduce its initial gold payment to ——— per cent of the amount it would otherwise have to pay.

7/1/44 J.S. Art. II
Sec. 3

(p. 5)

III. *Transactions with the Fund*

Joint Statement III, 1

1. Member countries shall deal with the Fund only through their Treasury, Central Bank, Stabilization Fund, or other fiscal agencies. The Fund's account in a member's currency shall be kept at the Central Bank of the member country.

Alternative A

* Section 1. *Agencies Dealing with the Fund.*

Each member country shall deal with the Fund only through its Treasury, Central Bank, Stabilization Fund or other similar fiscal agency *and the Fund shall deal only through the same agencies.*

(Second sentence of J.S. dealt with elsewhere)

7/1/44 J.S. Art. III
Sec. 1

(p. 6)

Joint Statement III, 2

2. A member shall be entitled to buy another member's currency from the Fund in exchange for its own currency on the following conditions:

(a) The member represents that the currency demanded is presently needed for making payments in that currency which are consistent with the purposes of the Fund.

(b) The Fund has not given notice that its holdings of the currency demanded have become scarce in which case the provisions of VI, below, come into force.

(c) The Fund's total holdings of the currency offered (after having been restored, if below that figure, to 75 percent of the member's quota) have not been increased by more than 25 percent of the member's quota during the previous 12 months and do not exceed 200 percent of the quota.

(d) The Fund has not previously given appropriate notice that the member is suspended from making further use of the Fund's resources on the ground that it is using them in a manner contrary to the purposes and policies of the Fund; but the Fund shall not give such notice until it has presented to the member concerned a report setting forth its views and has allowed a suitable time for reply.

The Fund in its discretion and on terms which safeguard its interests waive any of the conditions above.

7/1/44 J.S. Art. III
Sec. 2

(p. 6a)

Alternative A

Section 2. *Conditions upon which any Member may Purchase Currencies of other Members.*

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:

* (1) The member *initiating the purchase* represents that the currency *requested* is presently needed for making pay-

ments in that currency which are consistent with the *provisions of this Agreement;*

* (2) The Fund has not given notice under Article VI that its holdings of the currency *requested* have become scarce;

* (3) The total holdings of the Fund in the currency of the member *initiating the purchase* (after having been restored, if below that figure, to seventy-five percent of the quota of such member) have not increased during the previous twelve months by more than twenty-five percent of the quota of such member and do not exceed two hundred percent of the quota; and

& (4) The Fund has not previously declared under Section 3 of this Article that the member initiating the purchase is ineligible to use the resources of the Fund.

The Fund may, in its discretion, and on terms which safeguard its interests, waive any of these conditions. In special circumstances, where the Fund considers it necessary, it may require collateral security as a condition of such waiver.

& Section 2a. *Conditions Governing Purchases for Capital Transfers.*

If the Fund's holdings of the currency of a member have remained below 75 percent of its quota for a period not less than six months such member shall be entitled, notwithstanding the provisions of Article V, Section 1, to buy the currency of another member from the Fund for its own currency for any purpose, including capital transfers, provided, however, that

7/1/44 J.S. Art. III Sec. 2

(p. 6b) purchases for capital transfers may not have the effect of raising the Fund's holdings of the currency of such member above 75 percent of its quota, or reducing the Fund's holdings of the currency purchased below 75[1] percent of the quota of the member whose currency is purchased.

& Section 3. *Declaring Members Ineligible to Use the Resources of the Fund.*

Whenever the Fund is of the opinion that any member is using the resources of the Fund in a manner contrary to the purposes and policies of the Fund, it shall present to the member a report setting forth the views of the Fund and stating 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

[1] Should this figure be 60, 75 or 100 percent?

within the stated time, or the reply received is unsatisfactory, the Fund may continue to limit the member's use of the Fund's resources or, after giving reasonable notice to the member, declare it ineligible to use the resources of the Fund.

Alternative B

(Substitute for Joint Statement III, 2(c).)

& (c) The Fund's total holdings of the currency offered (after having been restored, if below that figure, to 75 percent of the member's quota) have not been increased by more than $33\frac{1}{3}$ percent of the member's quota during the previous 12 months and do not exceed 200 percent of the quota.

7/1/44 J.S. Art. III Sec. 2

(p. 6c)

Alternative C

(Amend Joint Statement III, 2 as follows:)

* It is suggested to change the term "consistent with the purposes of the Fund" to "consistent with the purposes and provisions of the Fund."

Alternative D

(Substitute for Joint Statement III, 2(c).)

& The total holdings of the Fund in the currency of the member country initiating the purchase shall not exceed 125% of the quota during the first, 150% of the quota during the second, 175% of the quota during the third year of the operations of the Fund in that particular currency and 200% thereafter.

7/1/44 J.S. Art. III Sec. 2

(p. 7)

Joint Statement III, 3

3. The operations on the Fund's account will be limited to transactions for the purpose of supplying a member country on the member's initiative with another member's currency in exchange for its own currency or for gold. Transactions provided for under 4 and 7, below, are not subject to this limitation.

Alternative A

* Section 4. *Limitation on the operations of the Fund.*

Except as otherwise provided in this Agreement, operations for 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 the currency of the member initiating the transactions or for gold.

7/1/44 J.S. Art. III
Sec. 3

(p. 8)

JOINT STATEMENT III, 4

4. The Fund will be entitled at its option, with a view to preventing a particular member's currency from becoming scarce:

(a) To borrow its currency from a member country;

(b) To offer gold to a member country in exchange for its currency.

Alternative A

Section 5. *Operations for the Purpose of Preventing Currencies from becoming scarce.*

The Fund may, if it deems such action appropriate to prevent the currency of any member from becoming scarce, take either or both of the following steps:

& (1) Propose to the member that it lend such currency to the Fund or, with the approval of the member, borrow such currency within that country from some other source, but no member shall be under any obligation to lend its currency to the Fund or to approve the Fund's borrowing its currency from any other source.

* (2) Offer to buy the currency of that member with gold.

Alternative B

(Substitute for Joint Statement III, 4(b))

& To *sell* gold to a member country in exchange for its currency.

7/1/44 J.S. Art. III
Sec. 4

(p. 9)

JOINT STATEMENT III, 5

5. So long as a member country is entitled to buy another member's currency from the Fund in exchange for its own currency, it shall be prepared to buy its own currency from that member with that member's currency or with gold. This shall not apply to currency subject to restrictions in conformity with IX, 3 below, or to holdings of currency which have accumulated as a result of

transactions of a current account nature effected before the removal by the member country of restrictions on multilateral clearing maintained or imposed under X, 2 below.

Alternative A

& Section 6. *Multilateral International Clearing.*

Each member shall buy balances of its currency held by another member with currency of that member or, at the option of the member buying, with gold, if the member selling represents either that the balances in question have been currently acquired or that their conversion is needed for making currency payments which are consistent with the provisions of the Fund. This obligation shall not relate to transactions involving:

(a) capital transfers, except those transactions referred to in the second and third sentences of V, 1, below; or

(b) holdings of currency which have accumulated as a result of transactions effected before the removal by a member of restrictions on multilateral clearing maintained or imposed under X, 2, below; or

(c) the provision of a currency which has been declared scarce under VI, above; or

(d) holdings of currency acquired as a result of dealings illegal under the exchange regulations of the member which is asked to buy such currency;

nor shall it apply to a member which has ceased to be entitled to buy currencies of other members from the Fund in exchange for its own currency.

Nothing in this section shall be deemed to modify or affect the obligation of a member under IX, 2 and 3, below.

(Proposed to be transferred in final draft to Article IX as Section 3)

7/1/44 J.S. Art. III
Sec. 5

(p. 10)

JOINT STATEMENT III, 6

6. A member country desiring to obtain, directly or indirectly, the currency of another member country for gold is expected, provided that it can do so with equal advantage, to acquire the currency by the sale of gold to the Fund. This shall not preclude the sale of newly-mined gold by a gold-producing country on any market.

Alternative A

* Section 7. *Acquisition by Members of the currencies of other Members for Gold.*

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 the currency by the sale of gold to the Fund. *Nothing in this Section shall be deemed* to preclude any member from selling in any market the new production of gold from mines located within territory subject to its jurisdiction.

7/1/44

J.S. Art. III
Sec. 6

(p. 11)

JOINT STATEMENT III, 7

7. The Fund may also acquire gold from member countries in accordance with the following provisions:

(a) A member country may repurchase from the Fund for gold any part of the latter's holdings of its currency.

(b) 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.

(c) If at the end of the Fund's financial year a member's holdings of gold and gold-convertible exchange have increased, the Fund may require up to one-half of the increase to be used to repurchase part of the Fund's holdings of its currency so long as this does not reduce the Fund's holdings of a country's currency below 75 percent of its quota or the member's holdings of gold and gold-convertible exchange below its quota.

Alternative A

Section 8. *Other Acquisitions of Gold by the Fund.*
(To be submitted later.)

Alternative B
(Add to Joint Statement III, 7(b))

\# This provision shall not be applied during five-year period from the beginning of the operations of the Fund to member countries who suffered particularly great damage from enemy occupation and hostilities.

(Add to Joint Statement III, 7(c))

This provision shall not be applied during the period of restoration of economy to the newly-mined gold of member countries, whose home areas particularly suffered from enemy occupation and hostilities.

7/1/44 J.S. Art. III Sec. 7

(p. 11a)

Alternative C

Substitute for Joint Statement III, 7(c))

& (c) If at the end of any financial year of the Fund, the official holdings of gold and gold-convertible exchange of any member country have increased as compared to that member's official holdings of gold and gold-convertible exchange at the moment of joining the Fund, the Fund may require ... etc. . . .

Alternative D

(Substitute for Joint Statement III, 7(b))

& 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 *or gold-convertible exchange. The Fund, however, may in its discretion waive this condition with respect to any particular country if its application would reduce the facilities accorded by the Fund to that Country in a way contrary to the purposes and policies of the Fund and in particular to the purpose stated in I(3).*

7/1/44 J.S. Art. III Sec. 7

(p. 12)

JOINT STATEMENT—no provisions

The following material has been suggested as an addition to Article III.

Alternative A

Section 9. *Transferability and Guarantee of the Assets of the Fund.*

(a) All assets of the Fund shall, to the extent necessary to carry out the operations prescribed by this Agreement, be free from restrictions, regulations and controls of any nature imposed by members.

(b) The currency of a member purchased from the Fund shall always be accepted by that member in payment of current account obligations due to that member.

(c) All assets of the Fund shall be guaranteed by each member against loss resulting from failure or default on the part of the depository designated by such member.

7/1/44 J.S. Art. III
Additional Section (9)

(p. 13)

JOINT STATEMENT—no provision

The following material has been suggested as an addition to Article III.

Alternative A

Section 10. *Charges and Commissions.*

(a) Any member buying the currency of any other member from the Fund in exchange for its own currency shall pay a service charge in addition to the parity price.

(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 prescribe charges uniform among members which shall be payable by any member on the amount of its currency in excess of its quota held by the Fund, as follows: (to be inserted later)

(d) All charges and commissions shall be paid in gold. If, however, the member's holdings of gold and gold-convertible exchange are less than one-half of its quota, it shall pay in gold that proportion which such holdings bear to one-half of its quota, and shall pay the balance in its own currency.

Alternative B

(Substitute for Section 10(c) of Alternative A)

The Fund shall levy a charge uniform to all countries, at a rate not more than 1 percent per annum, payable in gold, against any country on the amount of its currency held by the Fund in excess of the quota of that country. An additional charge, payable in gold, shall be levied by the Fund against any member country on the Fund's holdings of its currency in excess of 200 percent of the quota of that country.

7/1/44 J.S. Art. III
Additional Section (10)

(p. 14)

JOINT STATEMENT—no provisions

The following material has been suggested as an addition to Article III.

Alternative A

Section 11. *Furnishing Information.*

The Fund may require members to furnish it with such information as it deems necessary for its operations. In requesting information the Fund shall, however, take into consideration the ability of individual members to furnish the data asked for. The minimum amount of information necessary for the due carrying out of the Fund's operations includes the following:

(List of required information to be inserted)

The Fund may arrange to obtain further information by agreement with the members.

Alternative B

(Substitute for list to be inserted in Alternative A)

\# 1. Gold holdings of the Central Bank and the Treasury and their changes.
2. Gold convertible exchange holdings of the Central Bank and the Treasury.
3. Movement of capital.
4. Foreign Trade data.
5. Other items of the balance of payments.
6. Rates of exchange and their changes.

7/1/44 J.S. Art. III
Additional Section (11)

(p. 15)

JOINT STATEMENT—no provisions

The following material has been suggested as an addition to Article III.

Alternative A

Section 12. *Consideration of Representations of the Fund.*

The Fund may make representations to a member on monetary or economic conditions and developments in such member which tend, or may tend, to produce a serious disequilibrium in the international balance of payments of members. A representative of the member country involved shall participate in the preparation of the Fund's representations. The Fund shall not make representations which would involve changes in the fundamental structure of the economic organization of members.

Alternative B

The Fund shall have at all times the right to communicate its views informally to any member on any matter arising under this Agreement.

7/1/44 J.S. Art. III
Additional Section (12)

(p. 16)

Joint Statement IV, 1.

IV. *Par Values of Member Currencies*

1. The par value of a member's currency shall be agreed with the Fund when it is admitted to membership, and shall be expressed in terms of gold. All transactions between the Fund and members shall be at par, subject to a fixed charge payable by the member making application to the Fund, and all transactions in member currencies shall be at rates within an agreed percentage of parity.

Alternative A

& Section 1. *Par Values of the Currencies of Members.*

The par value of the currency of each member shall be expressed in terms of gold, *as a common denominator, or in terms of a gold-convertible currency unit of the weight and fineness in effect on July 1, 1944. 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.*

7/1/44 J.S. Art. IV
Sec. 1

(p. 17)

Joint Statement IV, 2, 3, 4.

2. Subject to 5, below, no change in the par value of a member's currency shall be made by the Fund without the country's approval. Member countries agree not to propose a change in the parity of their currency unless they consider it appropriate to the correction of a fundamental disequilibrium. Changes shall be made only with the approval of the Fund, subject to the provisions below.

3. The Fund shall approve a requested change in the par value of a member's currency, if it is essential to the correction of a fundamental disequilibrium. In particular, the Fund shall not

reject a requested change, necessary to restore equilibrium, because of the domestic social or political policies of the country applying for a change. In considering a requested change, the Fund shall take into consideration the extreme uncertainties prevailing at the time the parities of the currencies of the member countries were initially agreed upon.

4. After consulting the Fund, a member country may change the established parity of its currency, provided the proposed change, inclusive of any previous change since the establishment of the Fund, does not exceed 10 percent. In the case of application for a further change, not covered by the above and not exceeding 10 percent, the Fund shall give its decision within 2 days of receiving the application, if the applicant so requests.

7/1/44 J.S. Art. IV
Secs 2–4

(p. 17a)

Joint Statement, IV, 2–4.

(All alternatives to be supplied later)

7/3/44 J.S. Art. IV
Secs. 2–4

(p. 18)

Joint Statement IV, 5

5. An agreed uniform change may be made in the gold value of member currencies, provided every member country having 10 percent or more of the aggregate quotas approves.

Alternative A

* Section 5. *Uniform Changes in Par Values.*

Notwithstanding the provisions of Section 3 of this Article, the Fund *by majority vote* may make uniform proportionate changes in the par values of the currencies of all the members, provided each such change is approved by every country which has ten percent or more of the aggregate quotas. *Such uniform changes shall be excluded from consideration in applying the provisions of Sections 4(3) and (4) of this Article.* (J.S. IV, 4).

7/1/44 J.S. Art. IV
Sec. 5

(p. 19)

Joint Statement—no provision

The following material has been suggested as an addition to Article IV.

Alternative A

Section 6. *Protection of the Assets of the Fund.*

No change in the foreign exchange value of the currency of any member shall alter the gold value of the assets of the Fund. Whenever (i) the par value of a currency of a member is reduced, or (ii) the foreign exchange value of the currency of any member has depreciated within its jurisdiction to a significant extent in the opinion of the Fund, the member shall compensate the Fund by paying to the Fund within a reasonable time an amount of its own currency equal to the reduction in the gold value of the currency of such member held by the Fund. Whenever the par value of the currency of any member has been increased the Fund shall compensate such member by returning, within a reasonable time, an amount in the currency of such member equal to the increase in the gold value of the currency of such member held by the Fund.

7/1/44

J.S. Art. IV
Additional Section

(p. 20)

JOINT STATEMENT—no provision

The following material has been suggested as an addition to Article IV.

Alternative A

Section 7. *Separate currencies within a Member's jurisdiction.*

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 currencies of all territories under its jurisdiction. It shall however be open to a member to declare that its proposal relates either to the metropolitan currency alone, or to one or more specified subordinate currencies alone, or to the metropolitan currency and one or more specified subordinate currencies.

Alternative B

(Add to Joint Statement IV)

If separate currencies are used in different parts of the territory of a member country, the provisions of this article shall apply to each of these currencies.

7/1/44

J.S. Art. IV
Additional Section

749018—48—4

(p. 21)

Joint Statement V, 1.

V. *Capital Transactions*

1. A member country may not use the Fund's resources to meet a large or sustained outflow of capital, and the Fund may require a member country to exercise controls to prevent such use of the resources of the Fund. This provision is not intended to prevent the use of the Fund's resources for capital transactions of reasonable amount required for the expansion of exports or in the ordinary course of trade, banking, or other business. Nor is it intended to prevent capital movements which are met out of a member country's own resources of gold and foreign exchange, provided such capital movements are in accordance with the purposes of the Fund.

Alternative A

& Section 1. *Use of the Resources of the Fund for Transfers of Capital.*

A member may not use the resources of the Fund 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 request, a member fails to exercise appropriate controls the Fund may declare such member ineligible to use the resources of the Fund.

This Section is not intended 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. Capital movements which are met out of a member's own resources of gold and foreign exchange, are not affected by this section, but members undertake that such capital movements will be in accord with the purposes of the Fund.

7/1/44 J.S. Art. V Sec. 1

(p. 22)

Joint Statement V, 2.

2. Subject to VI below, a member country may not use its control of capital movements to restrict payments for current transactions or to delay unduly the transfer of funds in settlement of commitments.

Alternative A

* Section 2—*Limitation on Controls of Capital Movements.*

Members may control international capital movements but no member may exercise such controls in a manner which will restrict payments for current transactions or which will unduly delay the transfer of funds in settlement of commitments, except as provided in VI, 2 and in X.

7/1/44 J.S. Art. V Sec. 2

(p. 23)

Joint Statement VI, 1, 2

VI. *Apportionment of Scarce Currencies*

1. When it becomes evident to the Fund that the demand for a member country's currency may soon exhaust the Fund's holdings of that currency, the Fund shall so inform member countries and propose an equitable method of apportioning the scarce currency. When a currency is thus declared scarce, the Fund shall issue a report embodying the causes of the scarcity and containing recommendations designed to bring it to an end.

2. A decision by the Fund to apportion a scarce currency shall operate as an authorization to a member country, after consultation with the Fund, temporarily to restrict the freedom of exchange operations in the affected currency, and in determining the manner of restricting the demand and rationing the limited supply among its nationals, the member country shall have complete jurisdiction.

7/1/44 J.S. Art. VI Sec. 1 & 2

(p. 23a)

Joint Statement VI, 1 and 2

Alternative A

\# Section 1. *General Scarcity.*

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. *In the preparation of such report there shall participate a representative of the member the currency of which is involved.*

& Section 2. *Scarcity of the Fund's Holdings.*

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 acted under Section 1 above, shall formally declare such currency scarce and shall thenceforth apportion the existing and accruing supply of the scarce currency *with due regard to the relative needs of members and the general international economic situation and any other pertinent considerations.* The Fund shall also issue a report concerning its action. The formal declaration shall operate as an authorization to each member, after consultation with the Fund, temporarily to restrict the freedom of exchange operations in the affected currency; and, in determining the manner of restricting the demand and rationing the limited supply among its nationals, the members shall have complete jurisdiction *subject to the provisions of Article IX, Section 2.* (J.S.).

7/1/44 J.S. Art. VI Secs. 1 & 2

(p. 24)

VII. *Management of the Fund*

Joint Statement VII, 1

1. The Fund shall be governed by a board on which each member will be represented and by an executive committee. The executive committee shall consist of at least nine members including the representatives of the five countries with the largest quotas.

(As to Executive Committee see p. 25)

Alternative A

\# Section 1. *Board of Governors.*

\# (a) The administration of the Fund shall be vested in a Board of Governors consisting of one governor and one alternate appointed by each member in such manner as it may determine. Governors and alternates shall serve for five years, subject to the pleasure of their respective governments, and may be reappointed. No alternate may vote except in the absence of his governor. The Board shall select a chairman from its members.

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

(1) Determining what new members may be admitted and the conditions of their admission;
(2) Approving a revision of quotas;
(3) Approving an agreed uniform change in the par value of the currencies of all member countries;

(4) Requiring a member to withdraw;
(5) Deciding appeals against interpretations of the Agreement by the Executive Directors given on application by a member country;
(6) Making agreements to cooperate with other international organizations;
(7) Deciding to liquidate the Fund.

7/1/44

J.S. Art. VII
Sec. 1
(Board of Directors)

(p. 24a)

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

(d) The Board 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 in lieu of calling a meeting of the Board.

(e) Governors and alternates shall serve as such without compensation from the Fund, but the Fund shall pay such reasonable expenses as are incurred by the governors and alternates in attending any meetings.

Alternative B

(Substitute the following for section 1(c) of Alternative A:)

(c) The Board of Governors shall hold an annual meeting and such other meetings as may be provided for by the Board or convened by the Executive Directors. Meetings of the Board shall be convened by the Executive Directors whenever requested *by five member countries*. Annual meetings shall not be held in the same country more than once in five years.

7/1/44

J.S. Art. VII
Sec. 1
(Board of Directors)

(p. 25)

JOINT STATEMENT VII, 1

1. The Fund shall be governed by a board on which each member will be represented and by an executive committee. The executive committee shall consist of at least nine members including

the representatives of the five countries with the largest quotas.

(As to Board of Directors see p. 25)

Alternative A

Section 2. *The Executive Directors.*

(a) There shall be twelve Executive Directors, namely, the General Manager, the governors representing the five member countries having the largest quotas, and six other governors elected biennially by the governors who are not automatically Executive Directors. The General Manager shall be chairman of the Executive Directors. The Executive Directors shall exercise all authority delegated to them by the Board of Governors and shall be in continuous session at the principal office of the Fund for at least the first three years of operations. In the absence of any Executive Director, his alternate on the Board of Governors may serve in his place. Executive Directors shall be compensated by the Fund in an amount fixed by the Board of Governors.

Whenever a member country not having a governor among the Executive Directors has requested action or will be directly affected by a decision of the Executive Directors, the governor representing such country shall be entitled to be present at the meeting of the Executive Directors considering such request or decision, but he shall not be entitled to vote.

(b) In balloting for the elective Executive Directors, each governor eligible to vote shall cast for one governor all of the votes to which he is entitled under the first paragraph of Section 3 of this article (J.S. VII, 2) The six persons receiving the greatest number of votes shall be Executive Directors, except that no person who receives less than sixteen percent of the aggregate eligible votes shall be considered elected. When six persons

7/1/44 J.S. Art. VII, Sec. 1 (Executive Committee)

are not elected on the initial balloting, a (p. 25a) second balloting shall be held in which the person receiving the lowest number of votes shall be ineligible for election and in which there shall vote only those governors who vote for a person not elected and these governors all or part of whose votes for a person elected are deemed to have raised the votes cast for such person above seventeen per cent of the aggregate eligible votes. In determining whether any part of the votes cast by a governor raised the total of any person above seventeen per cent, there shall be considered as not forming part of the excess 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 the total reaches seventeen per cent. Any governor whose votes are partly not in excess and partly in excess shall be eligible to vote in the second balloting only to the extent of the votes in excess. If enough additional persons are not elected on the second balloting to bring to six the total number each of whom has received at least sixteen per cent of the aggregate eligible votes, further ballots shall be taken on the same principles until six such persons have been elected, provided that after five persons are elected the sixth may be elected by a simple majority of the remaining votes and shall be deemed to have been elected by all such votes.

\# (c) Each governor who is automatically an Executive Director shall be entitled to cast the number of votes alloted under Section 3 of this Article (J.S. VII, 2) to the country which he represents. Each elected Executive Director shall be entitled to cast the number of votes to which the governors who elected him would be entitled. A member whose election is due in part to his having received a portion of the votes of a particular governor shall be entitled to vote only those votes of such governor which contributed to his election. When the provisions of the second paragraph of Section 2 of this Article are ap-

7/1/44 J.S. Art. VII, Sec. 1
(Executive Committee)

plicable to a vote (p. 25b) on any question the votes to which an Executive Director would otherwise be entitled shall be increased or decreased proportionately. The General Manager shall have no vote.

\# (d) The Executive Directors may appoint such committees as they deem advisable. Membership of such committees need not be limited to governors and alternates.

7/1/44 J.S. Art. VII, Sec. 1
(Executive Committee)

(p. 25b)

Alternative B

(b) There shall be twelve Executive Directors, of whom x shall be appointed by the members having the x largest quotas, (the remaining y seats being filled by Executive Directors appointed by members chosen for this purpose by all the Governors excluding those representing the members with the x largest quotas). The members so chosen shall have the power of appointment of directors for two years; at the end of this period any of the members may be chosen again or other members may be chosen. The persons chosen as Executive Directors need not be Governors. The Executive Directors shall meet not less than once every three months.

(c) The Executive Directors shall appoint as *Chairman* a suitable person who is not a Director. The Chairman may appoint a Director to act for him as Deputy Chairman. The Chairman of the Executive Directors, if he is not a Governor, may attend and speak at meetings of the Board. He shall be eligible to be elected as Chairman of the Board of Governors.

(b) *Executive Directors.*

The Executive Directors shall conduct all of the business of the Fund delegated to them by the Board of Governors.

(c) *The Chairman.*

(i) the Chairman shall reside at the Headquarters of the Fund and the Deputy Chairman must reside there at those times when he is acting for the Chairman;

(ii) the Executive Directors may delegate to the Chairman or Deputy Chairman the power of performing on their behalf any of the functions delegated to them except the following, supposing they have been so delegated:

7/1/44 J.S. Art. VII, Sec. 1 (Executive Committee)

(p. 25c)

(1) waiver of any of the conditions in III (2) ;

(2) the exercise of the options of the Fund in III(4) ;

(3) all decisions on the par value of member currencies in IV(1-4) ;

(4) all action relating to the apportionment of scarce currencies (VI) ;

(5) decision on the use of the resources of the Fund by a member who has withdrawn (VIII(4) as revised) ;

(6) decision on X(3) as revised and X(4) as revised;

(7) a formal interpretation of the Statute.

(d) *Voting.*

On questions before the Executive Directors, the Director appointed by the United States shall cast 6 votes, the Director appointed by the United Kingdom shall cast 3 votes, the Director appointed by the U.S.S.R. shall cast 2 votes, and all the other Directors shall cast 1 vote each. The appointed Chairman shall only have a casting vote in case of an equal division in the voting.

In order to constitute a quorum for the Executive Directors there must be present Directors representing not less than one-half of the total voting power of the Executive Directors and not less than six in number.

7/1/44 J.S. Art. VII, Sec. 1
(Executive Committee)

(p. 26)

JOINT STATEMENT III, 2, 3

2. The distribution of voting power on the board and the executive committee shall be closely related to the quotas.

3. Subject to II, 2 and IV, 5, all matters shall be settled by a majority of the votes.

Alternative A

& Section 3. *Voting*

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 of the weight and fineness in effect on July 1, 1944.

Whenever a vote is required under Article III, each member shall be entitled to a number of votes modified from its normal number:

(a) By the addition of one vote for the equivalent of each two hundred thousand United States dollars of the weight and fineness in effect on July 1, 1944 of net sales of its currency by the Fund (adjusted for its net transactions in gold), and

(b) By the subtraction of one vote for the equivalent of each two hundred thousand such United States dollars of its net purchases of the currencies of other member countries from the Fund (adjusted for its net transactions in gold).

Except as otherwise specifically provided all matters before the Fund shall be decided by a majority of the aggregate votes cast.

7/1/44 J.S Art. VII
Sec. 2 & 3

(p. 26a)

Alternative B

(Substitute for Joint Statement III, 2 and 3.)

& (a) On the Board of Governors the number of votes which each governor can cast shall be related to the quota of the member appointing the governors;

A quorum for the Board shall consist of not less than two-thirds of the total voting power of the governors.

7/1/44 J.S. Art. VII Sec. 2 and 3

(p. 27)

JOINT STATEMENT—no provision

The following material has been suggested as an addition to Article VII.

Alternative A

Section 4. *The General Manager.*

The Board of Governors shall appoint and fix the compensation of a General Manager of the Fund and one or more Assistant General Managers. The General Manager shall be chief of the operating staff of the Fund and shall be a member *ex officio* of the Board of Governors.

Alternative B

(d) The Executive Directors shall appoint a *General Manager,* being a person of knowledge and experience of the business.

(e) The Chief Assistants of the General Manager shall be appointed by the Executive Directors, on the proposal of the General Manager. The General Manager and his Chief Assistants shall be appointed under contract determinable by six months' notice on either side. The continuance of the service of each of these officials shall be considered by the Executive Directors after every period of 5 years.

(f) The *General Manager* shall conduct, under the general direction of the Chairman, the ordinary business of the Fund's

7/1/44 J.S. Art. VII Additional Section (4)

work. Subject to the (p. 27a) general control of the Executive Directors, he shall be responsible for internal organization and the appointment and dismissal of subordinate staff. The General Manager shall be responsible to the Executive Directors for the accounts.

(g) The Chairman, the Deputy-Chairman, the General Manager and all the members of the staff shall be paid such salaries and expenses and serve under such conditions as the Fund may determine.

7/1/44 Article VII
Additional Section (4)

(p. 28)

JOINT STATEMENT VII, 4

4. The Fund shall publish at short intervals a statement of its position showing the extent of its holdings of member currencies and of gold and its transactions in gold.

Alternative A

* Section 5. *Publication of Reports*

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.

The Fund may publish such other reports as it deems desirable for carrying out its purposes and policies.

7/1/44 J.S. Art. VII
Sec. 4

(p. 29)

JOINT STATEMENT—no provisions

The following material has been suggested as an addition to Article VII.

Alternative A

Section 6. *Depositories.*

(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 designated depositories in the four members having the largest quotas and in such other depositories as the Fund may select. At least one-half of the holdings of gold of the Fund shall be held in the designated depository in the member in which the Fund has its principal office. In an emergency, the Executive Directors may transfer all or any part of the Fund's holdings of gold to any place where it can be adequately protected.

Section 7. *Form of Holdings of Currency.*

The Fund shall accept from any member in lieu of any part of the currency of that country not needed by the Fund in its operations, notes or similar obligations issued by the Government of the country or the depository designated by such member, which shall be non-negotiable, non-interest bearing and payable at their par value on demand by a credit to the currency account of the Fund in that country.

7/1/44 J.S Art. VII
Additional Sections (6 & 7)

(p. 29a)

Alternative B

(Substitute for (b) under Section 6 of Alternative A)

(b) Sums payable to the Fund in gold shall be placed at the disposal of the Fund at a depository indicated by the Fund. In indicating a depository the Fund shall pay regard to the convenience of the member, the costs of transport, and the expected requirements of the Fund. Gold and assets other than holdings of currency belonging to the Fund may be held in or moved to any depository as the Fund may determine.

Alternative C

(Substitute the following for subdivision (b) of Alternative A:)

(b) Other assets of the Fund, including gold, shall be held in designated depositories, as a general rule, in the four member countries having the largest quotas.

About one-half of the holding of gold of the Fund shall be deposited in the designated depository in the country in which the Fund has its principal office.

7/1/44 J.S. Art. VII
Additional Section (6)

(p. 30)

JOINT STATEMENT—no provisions

The following material has been suggested as an addition to Article VII.

Alternative A

Section 8. *Relationship to other International Organizations.* The Fund, 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 of the provisions

of this Agreement may be effected only after amendment to this Agreement in conformity with the procedure set forth in Article ———.

7/1/44 J.S. Art. VII
Additional Section (7)

(p. 31)

JOINT STATEMENT—no provisions

The following material has been suggested as an addition to Article VII:

Alternative A

Section 9. *Location of Offices.*

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

Alternative B

The location of the principal office of the Fund shall be decided by the Fund at the first meeting of the Board of Governors, which shall take place in the territory of the member having the largest quota.

7/1/44 J.S. Art. VII
Additional Section (9)

(p. 32)

JOINT STATEMENT—no provisions

The following material has been suggested as an addition to Article VII.

Alternative A

The Fund shall determine annually what part of its net income shall be placed to reserve and what part, if any, shall be distributed.

7/1/44 J.S. Art. VII
Additional Section (10)

(p. 32a)

(Alternative B continued)

If any part is distributed, two per cent noncumulative shall be paid, as a first charge against the distribution of any year, to each member on the average amount during the year by which 75 percent of its quota exceeds the holdings by the Fund of its currency; and the balance to the members in proportion to their quotas. Payments to each member shall be made in its own currency.

7/1/44 J.S. Art. VII
Additional Section (10)

(p. 33)

Joint Statement—no provisions

The following material has been suggested as an addition to Article VII.

Section 11. *Miscellaneous Powers.*

In order to carry out its purposes, the Fund may:

(1) Make contracts;

(2) Acquire and dispose of real and personal property;

(3) Institute legal proceedings in any court of competent jurisdiction;

(4) Employ such staff as shall be necessary to conduct the business of the Fund; and

(5) Adopt such rules or regulations as may be necessary or appropriate to conduct the business of the Fund.

7/1/44 J.S. Art. VII
Additional Section (10)

(p. 34)

Joint Statement VIII, 1

VIII. *Withdrawal from the Fund*

1. A member country may withdraw from the Fund by giving notice in writing.

Alternative A

* Section 1. *Right of Members to Withdraw.*

Any member may withdraw from the Fund at any time by serving written notice on the Fund at its principal office. *Withdrawal shall become effective on the date such notice is received.*

Alternative B

& A member country may withdraw from the Fund by giving notice in writing *and the right of withdrawal shall not be prejudiced by membership of the Fund being made a condition of membership of any other international body.*

7/1/44 J.S. Art. VIII
Sec. 1

(p. 35)

JOINT STATEMENT—no provision

The following material has been suggested as an addition to Article VIII.

Alternative A

#Section 2. *Suspension of Membership or Compulsory Withdrawal.*

(To be inserted later.)

7/1/44 J.S. Art. VIII
Additional Sec. (2)

(p. 36)

JOINT STATEMENT VIII, 2 & 3

2. The reciprocal obligations of the Fund and the country are to be liquidated within a reasonable time.

3. After a member country has given notice in writing of its withdrawal from the Fund, the Fund may not dispose of its holdings of the country's currency except in accordance with the arrangements made under 2, above. After a country has given notice of withdrawal, its use of the resources of the Fund is subject to the approval of the Fund.

Alternative A

#Section 3. *Settlement of Accounts with Countries Ceasing to be Members.*

(To be inserted later)

Alternative B

(To be inserted later)

7/1/44 J.S. Art. VIII
Secs. 2 & 3

(p. 37)

JOINT STATEMENT—no provision

The following material has been suggested as an addition to Article VIII.

Alternative A

#Section 4. *Liquidation of the Fund.*

(To be inserted later)

Alternative B

(To be inserted later)

7/1/44 J.S. Art. VIII
Additional Section (4)

(p. 38)

JOINT STATEMENT IX, 1

IX. *Obligations of Member Countries*

1. Not to buy gold at a price which exceed the agreed parity of its currency by more than a prescribed margin and not to sell gold at a price which falls below the agreed parity by more than a prescribed margin.

Alternative A

Section 1. *Purpose and Scope of Additional Undertakings*

(To be inserted later)

* Section 2. *Gold Purchases Based on Parity Prices*

No member country shall buy or sell gold from or to the monetary authorities of another member at prices which vary from the agreed parity of its currency by more than a prescribed margin.

7/1/44 J.S. Art. IX Sec. 1

(p. 39)

JOINT STATEMENT IX, 2

2. Not to allow exchange transactions in its market in currencies of other members at rates outside a prescribed range based on the agreed parities.

Alternative A

& Section 3. *Foreign Exchange Dealings Based on Par Values.*

(a) The Fund shall prescribe maximum and minimum rates for exchange transactions in the currencies of members, which shall not differ by more than ——— percent from parity.

(b) Each member undertakes, through appropriate measures authorized under this Agreement, not to permit within its jurisdiction an appreciation or depreciation of the exchange value of its own currency in terms of gold beyond the range prescribed under (a) above. A member whose monetary authorities in fact freely buy and sell gold within the prescribed range, to settle international transactions, shall be deemed to be fultilling this undertaking.

(c) Exchange transactions in the territory of one member involving the currency of any other member, which evade or avoid the exchange regulations prescribed by that other member and authorized by this Agreement, shall not be enforceable in the territory of any member.

7/1/44 J.S. Art. IX
Sec. 2

(p: 40)

JOINT STATEMENT IX, 3

3. Not to impose restrictions on payments for current international transactions with other member countries (other than those involving capital transfers or in accordance with VI, above) or to engage in any discriminatory currency arrangements or multiple currency practices without the approval of the Fund.

Alternative A

* Section 4. *Exchange Controls on Current Payments.*
No member shall impose restrictions on the transfer into the currency of another member of the proceeds of current transactions with that member, or engage in any discriminatory currency arrangements or multiple currency practices unless authorized under this Agreement, or approved by the Fund.

Alternative B

* 4. Not to impose restrictions save as otherwise provided on payments for current international transactions with other member countries, or to engage in any discriminatory currency arrangements or multiple currency practices without the approval of the Fund.

7/1/44 J.S. Art. IX
Sec. 3

(p. 41)

JOINT STATEMENT—no provisions

The following material has been suggested as an addition to Article IX:

Alternative A

Section 5. *Immunity of Assets of the Fund.*
The Fund and its assets of whatsoever nature shall, wheresoever located and by whomsoever held, be exempt and immune from search, seizure, attachment, execution, requisition, confiscation, moratorium and expropriation in the territory of any member.

7/1/44 J.S. Art. IX
Additional Sec. (5)

749013--48--5

(p. 42)

JOINT STATEMENT—No Provisions

The following material has been suggested as an addition to Article IX:

Section 6. *Immunity from Suit.*

The Fund shall be immune from suit except when it consents to be sued.

7/1/44 J.S. Art. IX
Additional Sec. (6)

(p. 43)

JOINT STATEMENT—No Provisions

The following material has been suggested as an addition to Article IX:

Section 7. *Restrictions on Taxation of Fund, its Employees and Obligations.*

(a) The Fund, its assets, property, income, activities, operations and transactions of whatsoever nature shall be exempt and immune from all taxation or liability for the collection or payment of any tax, including without limitation by reason of this enumeration, excises, duties, and imposts, imposed by any member or any political subdivision or taxing authority thereof.

(b) No member, or any political subdivision or taxing authority thereof shall impose or collect any tax on or measured by salaries or remunerations for personal services paid by the Fund to persons who are not citizens of such country.

(c) (Provision concerning taxation of securities issued by the Fund to be inserted later.)

7/1/44 J.S. Art. IX
Additional Sec. (7)

(p. 44)

JOINT STATEMENT X, 1-4

X. *Transitional Arrangements*

1. Since the Fund is not intended to provide facilities for relief or reconstruction or to deal with international indebtedness arising out of the war, the agreement of a member country to provisions III, 5 and IX, 3 above, shall not become operative until it is satisfied as to the arrangements at its disposal to facilitate the settlement of the balance of payments differences during the early post-war transition period by means which will not unduly encumber its facilities with the Fund.

2. During this transition period member countries may maintain and adapt to changing circumstances exchange regulations of the character which have been in operation during the war, but they shall undertake to withdraw as soon as possible by progressive stages any restrictions which impede multilateral clearing on current account. In their exchange policy they shall pay continuous regard to the principles and objectives of the Fund; and they shall take all possible measures to develop commercial and financial relations with other member countries which will facilitate international payments and the maintenance of exchange stability.

3. The Fund may make representations to any member that conditions are favorable to withdrawal of particular restrictions or for the general abandonment of the restrictions inconsistent with IX, 3 above. Not later than 3 years after coming into force of the Fund any member still retaining any restrictions inconsistent with IX, 3 shall consult with the Fund as to their further retention.

4. In its relations with member countries, the Fund shall recognize that the transition period is one of change and adjustment, and in deciding on its attitude to any proposals presented by members it shall give the member country the benefit of any reasonable doubt.

Alternative A

(To be inserted later)

Alternative B

(To be inserted later)

7/1/44 J.S. Art. X Secs. 1–4

(p. 45)

Joint Statement—No Provisions

The following material has been suggested as part of an additional Article (XI).

Article XI—*Amendments*

Any governor or executive director desiring to introduce modifications in this Agreement shall communicate his proposal to the Chairman of the Board of Governors who shall bring the proposal before the Board of Governors. If the proposed amendment is approved by the Board of Governors by a majority of the aggregate votes, the Fund shall prepare a protocol, by dated circular letter, to the governments of all the members asking whether they accept the proposed modifications. When

the governments of members having four-fifths of the aggregate votes, have accepted the proposed amendment, or, in the case of modifications of the right to withdraw from the Fund, when the governments of all of the members have accepted, the Fund shall certify the fact by means of a *proces verbal,* which it shall communicate to the governments of all members. The protocol will enter into force between all members three months from the date of the *proces verbal* unless a shorter period is specified in the protocol.

Alternative B

(Add the following to Alternative A)

Notwithstanding the foregoing provisions (of Alternative A) amendments may be made to the following provisions of this Agreement, namely (unimportant provisions will be inserted later) by a four-fifths majority vote of the Board of Governors.

7/1/44 — J.S. Art. XI (Additional Article)

(p. 46)

JOINT STATEMENT—No provisions

The following material has been suggested as part of an additional Article (XII) on interpretation of the Agreement.

Alternative A

Article XII—*Interpretation of the Agreement*

Section 1. *Interpretation.*

All questions of interpretation of the provisions of this Agreement between two or more member countries shall be resolved by the Fund. Whenever a disagreement arises between the Fund and a country which has ceased to be a member, or between the Fund and any member country after liquidation of the Fund, such disagreement shall be submitted to arbitration.

Alternative B

(1) All questions which arise involving doubts or differences relating to the interpretation of the provisions of this Agreement shall be submitted to the Executive Directors of the Fund for their opinion. If the question is one which involves a dispute affecting particularly one (or more) member(s) and that (or those) member(s) are not represented among the Executive Directors by a Director appointed by it (or them) then that (or those)

member(s) may appoint a representative to take part in the discussions of this question of the Executive Directors on the same footing as the Directors.

\# (2) In any case where the Executive Directors have given an opinion under paragraph (1) above, a member may require that the question be submitted to the Board and the opinion of the Board is final. Pending the result of the reference to the Board of Governors, the Fund may (so as is necessary) act on the basis of the opinion of the Executive Directors.

7/1/44 Art. XII, Sec. 1 (Additional Article)

(p. 47)

JOINT STATEMENT—No provisions

The following material has been suggested as part of an additional Article (XII) on interpretation of the Agreement.

Alternative A

\# Section 2. *Definitions.*

(To be inserted later)

Alternative B

(To be inserted later)

Alternative C

(To be inserted later)

7/1/44 Art. XII, Sec. 2 (Additional Article)

(p. 48)

JOINT STATEMENT—No provisions

The following material has been suggested as part of an additional Article (XII) on interpretation of the Agreement.

Alternative A

\# Section 3. *Effect on other International Commitments.*

(To be inserted later)

7/1/44 Art. XII, Sec. 2 (Additional Article)

(p. 49)

JOINT STATEMENT—No Provisions

The following material has been suggested as an additional Article (XIII) on putting the Fund into operation:

Alternative A

Section 1. *Entry into Effect.*
(To be inserted later)

Section 2. *Effective Date of the Agreement.*
(To be inserted later)

Section 3. *Calling the initial Meeting of the Fund.*
(To be inserted later)

Section 4. *Agenda of the Initial Meeting.*
(To be inserted later)

Section 5. *Fixing Initial Par Values.*
(To be inserted later)

Alternative B

I A. *Entry into Effect.*
(To be inserted later)

7/1/44 J.S. Art. XIII, Sec. 1
(Additional Article)

Document 34

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

Regulations

Chapter I

Representation

Art. 1. Representation at the Conference shall be confined to the delegations accredited by the governments or authorities of the United Nations and the nations associated with them in the war, in response to the invitation extended by the President of the United States of America to participate in the United Nations Monetary and Financial Conference.

Chapter II

Personnel of the Conference

Section I

Temporary President

Art. 2. The President of the United States of America shall designate the Temporary President of the Conference who shall preside at the opening session and shall continue to preside until the Conference elects a Permanent President.

Art. 3. At the opening plenary session of the Conference, the Temporary President shall appoint the following committees:

(a) Committee on Credentials,

(b) Committee on Rules and Regulations, and

(c) Committee on Nominations.

Section II

Permanent President

Art. 4. The Permanent President of the Conference shall be elected by an absolute majority of the delegations of states represented at the Conference.

Art. 5. The duties of the Permanent President shall be:

First. To preside at the meetings of the Conference and to submit for consideration in their regular order the subjects contained in the order of the day.

Second. To concede the floor to the delegates in the order in which they may have requested it.

Third. To decide all questions of order raised during the debates of the Conference. Nevertheless, if any delegate shall so request, the ruling made by the chair shall be submitted to the Conference for decision by a majority vote of the delegations.

(p. 2) *Fourth.* To call for votes and to announce the result of the vote to the Conference.

Fifth. To transmit to the delegates in advance, through the Secretary General, the order of business of each plenary session.

Sixth. To prescribe all necessary measures for the maintenance of order and strict compliance with the regulations.

Section III

Vice Presidents

Art. 6. Four Vice Presidents shall be elected by an absolute majority of the delegations of states represented at the Conference. In the absence of the Permanent President, a Vice President shall preside at the plenary sessions of the Conference. A Vice President, when acting as President, shall have the same powers and duties as the President.

Section IV

Secretary General

Art. 7. The Secretary General of the Conference shall be appointed by the President of the United States of America.

The duties of the Secretary General are:

First. To organize, direct, and coordinate the work of the secretaries, assistant secretaries, secretaries of committees, interpreters, clerks and other employees whom the Government of the United States of America may appoint for service with the secretariat of the Conference. He shall also assist with and coordinate the work of the several Technical Commissions of the Conference.

Second. To serve as the principal adviser to the President of the Conference on parliamentary, procedural and protocol matters.

Third. To receive, distribute, and answer the official correspondence of the Conference in conformity with the resolutions of that body.

Fourth. To prepare, or cause to be prepared under his supervision, the minutes of the meetings of the Conference, the Committees, and the Technical Commissions in conformity with the notes the secretaries shall furnish him.

Fifth. To distribute among the Committees and Technical Commissions the matters on which they are required to present reports, and place at the disposal of the Committees everything that may be necessary for the discharge of their duties.

(p. 3) *Sixth.* To prepare the order of the day in conformity with the instructions of the President.

Seventh. To be the intermediary between the delegations or their respective members in matters relating to the Conference, and between the delegates and the authorities of the Government of the United States of America.

Eighth. To perform such other functions as may be assigned to him by the regulations, by the Conference, or by the President.

SECTION V

Technical Secretary General

Art. 8. The Technical Secretary General of the Conference shall be appointed with the approval of the President of the United States of America.

The duties of the Technical Secretary General are:

First. To coordinate the work of the Technical Commissions and their Committees.

Second. To plan and supervise the work of the Secretaries of the Technical Commissions and their Committees.

Third. To cooperate with the Secretary General by supervising the preparation of the reports and minutes of the Technical Commissions and their Committees.

Fourth. To advise the delegations on questions pertaining to the technical work of the Conference.

Fifth. To advise with the Secretary General on the preparation of the Final Act and the Proceedings of the Conference.

SECTION VI

Participants

Art. 9. Participants in the Conference shall be limited to the following:

(p. 4) (a) Delegates accredited by the governments and authorities to which the invitations on behalf of the President of the United States of America have been extended. Delegates accredited by the invited governments and authorities shall have the privilege of attending all plenary sessions and all meetings of the Technical Commissions of the Conference; shall have the privilege of addressing the plenary sessions and meetings of the Technical Commissions and their Committees subject only to regulations hereafter described; shall have the privilege of voting at all plenary or general sessions and at all of the Technical Commission and Committee meetings subject to restrictions hereafter specified concerning the casting of a delegation vote.

(b) Technical advisers and other members of the delegations of the governments and authorities which have been invited to participate may attend with their delegates the plenary or committee sessions and meetings of the Technical Commissions but they shall not have the right to vote except as hereafter provided.

(c) Such other persons may attend as the Steering Committee of the Conference may determine.

Chapter III

General Committees of the Conference

Art. 10. The following General Committees shall be constituted:

(a) Committee on Nominations, composed of five members appointed by the Temporary President. The Nominating Committee shall propose candidates for the following offices: four Vice Presidents of the Conference; Chairmen and Vice Chairmen and Reporting Delegates of the Commissions; Chairmen and Reporting Delegates of the Committees of Commissions I and II; and the members of the Steering Committee.

(b) Steering Committee, composed of the President of the Conference as Chairman and ten other members elected by the Conference, following the receipt of the recommendations of the Committee on Nominations.

(c) Committee on Credentials, composed of five members appointed by the Temporary President.

(d) Committee on Rules and Regulations, composed of five members appointed by the Temporary President.

(e) Coordinating Committee, composed of seven members, the Committee to be constituted by the Steering Committee.

Art. 11. Prior to the first plenary session, a meeting of the Chairmen of the delegations shall be held at which the organization of the Conference shall be considered and recommendations formulated for submission to the Conference at the first plenary session.

(p. 5)

Chapter IV

Art. 12. The Conference shall be divided into the following three Technical Commissions and Committees and such other Committees as the respective Commissions shall determine.

COMMISSION I. International Monetary Fund

- Committee 1. Purposes, Policies and Obligations of the Fund.
- Committee 2. Operations of the Fund
- Committee 3. Organization and Management.
- Committee 4. Form and Status of the Fund.

COMMISSION II. Bank for Reconstruction and Development.

- Committee 1. Purposes, Policies, Capital and Subscription of the Bank.
- Committee 2. Operations of the Bank.
- Committee 3. Organization and Management.
- Committee 4. Form and Status of the Bank.

COMMISSION III. Other Means of International Financial Cooperation.

Art. 13. The Reporting Delegate of each Commission shall present to a plenary session of the Conference the conclusions at which the Technical Commissions may arrive after they have been reviewed by the Coordinating Committee.

Art. 14. The representative of the Delegation elected as Chairman or as Recording Secretary of a Committee of a Technical Commission, shall be the Chairman of the Delegation indicated or such other member of that Delegation as the Chairman may designate.

Art. 15. Each delegation shall be entitled to be represented by one or more of its members in each of the Technical Commissions. The names of such members shall be transmitted by each delegation to the Secretary General as soon as possible and in any event before the first regular meeting of each Commission.

(p. 6)

Chapter V

Language of the Conference

Art. 16. English shall be the official language of the Conference.

Chapter VI

The Delegations

Art. 17. A delegation not present at the session at which a vote is taken may deposit or transmit its vote in writing to the Secretary, which shall be counted provided it has been transmitted or deposited before the vote is declared closed. In this event, the delegation shall be considered as present and its vote counted.

Art. 18. Each delegation shall be entitled to one vote, to be cast through the chairman or such member as may be designated to act for the delegation on questions considered at Technical Commission and Committee meetings or at the plenary sessions of the Conference. Delegations may arrange for the substitution of delegates at specified meetings in the manner provided in Article 26.

Chapter VII

Meetings of the Conference, Conference Committees, and Technical Commissions

Art. 19. The first meeting of the Conference shall be held at the time and place designated by the Government of the United States of America and further sessions on such days as the Conference may determine.

Art. 20. Attendance by a majority of the nations participating in the Conference shall constitute a quorum at plenary sessions. Similarly, the presence of a majority of the delegations participating in the Technical Commissions shall constitute a quorum at the meetings of the respective Commissions and the presence of the same proportion of members of General Committees shall constitute a quorum.

Art. 21. In the deliberations of the plenary sessions as well as in the Committees and Technical Commissions, the delegation of each state represented at the Conference shall have but one vote and the votes shall be taken separately in alphabetical order in the English language and recorded in the minutes of the respective sessions.

(p. 7) Art. 22. Votes as a general rule shall be taken orally, unless any delegate should request that they be taken in writing. In this case each delegate shall deposit in an urn a ballot containing the name of the nation which it represents and the sense in which the vote is cast. The secretary shall read aloud these ballots, count the votes, and record the results.

Art. 23. The Conference shall not proceed to vote on any report, project or proposal relating to any of the subjects included in the agenda unless at least two-thirds of the nations attending the Conference are represented by one or more delegates. The same proportion of the delegations participating in the Technical Commissions shall be present before a vote is undertaken at Commission meetings. The General Committees likewise shall proceed to vote only with the attendance of at least two-thirds of their respective members. In the event of written voting at any session or meeting, the count shall be taken of the votes deposited in writing as provided for in Articles 21 and 22, the absent delegates being considered present, only for the purpose of the vote, when they have submitted their vote in the manner indicated.

Art. 24. Except in cases expressly indicated in these Regulations, proposals, reports and projects under consideration by the Conference or by any of the Committees or Technical Commissions shall be considered approved when they have obtained the affirmative vote of an absolute majority of the delegations represented by one or more of their members at the meeting where the vote is taken. Any delegation which may have deposited its vote in the manner prescribed in Article 18 shall be considered as present at the meeting.

Art. 25. The following may attend the sessions of the Conference and the meetings of the Technical Commissions and of their committees: the delegates, their technical advisers and other members of their delegations; members of the Secretariat of the Conference; and any others to whom the Steering Committee of the Conference may extend this privilege.

Art. 26. Should it be impossible for a delegate to attend a particular session, either a plenary session or a meeting of a Technical Commission or Committee, the delegation may designate a member to substitute for him. In such case the one so designated shall have the right to voice and vote on behalf of his delegation. Notification of such appointment shall be communicated in advance to the Secretary General, to the Secretary of the Committee, or to the Secretary of the Technical Commission, as the case may be.

Art. 27. The opening and closing sessions of the Conference shall be public. Other public sessions may be held when previously agreed upon and so ordered by a majority vote of the Steering Committee. The meetings of (p. 8) the Technical Commissions and their Committees shall be private unless otherwise ordered by a majority vote of the delegations. The meetings of the General Committees shall be private.

Art. 28. All new projects or proposals which a delegation may wish to present to the Conference shall be delivered to the Secretary General as soon as possible but not later than one week after the opening plenary session of the Conference. No project or proposal shall be considered until copies thereof shall have been distributed by the Secretary General among the participating delegations. No proposal of a topic which constitutes an addition to the agenda shall be included unless it has the consent of two-thirds of the Steering Committee.

Chapter VIII

Minutes of the Sessions and Publications of the Meeting

Art. 29. The Secretary General shall cause to be kept verbatim minutes of the public plenary sessions of the Conference. The Secretary General shall prepare a summarized record of the proceedings of private plenary sessions which shall be preserved in the archives of the Conference.

Art. 30. The Secretary of each Technical Commission and of each Committee shall prepare brief minutes of each session which shall be approved by the respective Chairmen before presentation to the Secretary General for distribution to the delegations. These minutes shall contain a record of the conclusions at which the Commission or Committee may arrive.

Art. 31. The minutes of all private meetings, whether of the Conference, the Technical Commissions or Committees, shall be available to the participating governments and authorities but shall be regarded as confidential.

Art. 32. The conclusions at which the Conference may arrive shall be incorporated in a Final Act which shall be signed by the delegates at the final session.

Art. 33. The Government of the United States of America shall publish the minutes of the public plenary sessions and the Final Act and shall forthwith transmit certified copies to the governments participating in the Conference and to the delegates attending the sessions.

Art. 34. The original minutes and the original copy of the Final Act shall be preserved in the archives of the Government of the United States of America to which they shall be sent by the Secretary General.

(p. 9)

Chapter IX

Approval of and Amendments to the Regulations

Art. 35 These regulations, after approval by an absolute majority of the delegations meeting in plenary session, shall be subject to subsequent modification only upon the recommendation, by a two-thirds vote, of the Steering Committee and by vote of two-thirds of the Conference meeting in plenary session.

Document 36

C/N/2

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

Committee on Nominations

Saturday, July 1, 1944
10:00 p.m.
Room B

Chairman......Walter Nash, New Zealand,
Secretary......Mr. Frank Coe.

The meeting of the Committee on Nominations was called together by the Chairman, Mr. Walter Nash, the representative of New Zealand. The members present at the meeting were:

Luxembourg............Hugues Le Gallais
Honduras..............Julian R. Caceres
Iceland.................Magnus Sigurdsson
Peru...................Pedro Beltran

The Chairman, after convening the meeting, submitted the following suggestions for recommendation to the plenary session for appointment as committees to conduct the business of the conference. All the suggestions were unanimously approved.

Suggested Nominations for Vice Presidents of the Conference

Mr. M. S. Stepanov, the Chairman of the Delegation of the Union of Soviet Socialist Republics;

Mr. Arthur de Souza Costa, the Chairman of the Delegation of Brazil;

Mr. Camille Gutt, the Chairman of the Delegation of Belgium; and

Mr. Leslie G. Melville, the Chairman of the Delegation of Australia.

(p. 2)

Suggested Nominations for the Steering Committee

For Chairman of the Committee, the Representative of the United States.

For Members of the Committee, the Representatives of:

Belgium
Brazil
Canada
China
Colombia
France
Iran
Mexico
Union of Soviet Socialist Republics
United Kingdom

Suggested Nominations for Commission I—International Monetary Fund

For Chairman, the Representative of the United States.

For Vice Chairman, the Representative of Venezuela.

For Reporting Delegate, the Representative of Canada.

(p. 3)

Suggested Nominations for Committees of Commission I

Committee No. 1—Purposes, Policies and Quotas of the Fund
Chairman: The Representative of China
Reporter: The Representative of Greece

Committee No. 2—Operations of the Fund
Chairman: The Representative of the Union of Soviet Socialist Republics
Reporter: The Representative of the French Committee

Committee No. 3—Organization and Management
Chairman: The Representative of Brazil
Reporter: The Representative of Czechoslovakia

Committee No. 4—Form and Status of the Fund
Chairman: The Representative of Peru
Reporter: The Representative of Norway

Suggested Nominations for Commission II—Bank for Reconstruction and Development

For Chairman, the Representative of the United Kingdom.

For Vice Chairman, the Representative of Chile.

For Reporting Delegate, the Representative of Belgium.

(p. 4)

SUGGESTED NOMINATIONS FOR COMMITTEES OF COMMISSION II

Committee No. 1—Purposes, Policies and Capital of the Bank
Chairman: The Representative of Netherlands
Reporter: The Representative of Costa Rica

Committee No. 2—Operations of the Bank
Chairman: The Representative of Cuba
Reporter: The Representative of Australia

Committee No. 3—Organization and Management
Chairman: The Representative of Colombia
Reporter: The Representative of the Union of South Africa

Committee No. 4—Form and Status of the Bank
Chairman: The Representative of India
Reporter: The Representative of Poland.

SUGGESTED NOMINATIONS FOR COMMISSION III—OTHER MEANS OF INTERNATIONAL FINANCIAL COOPERATION

For Chairman, the Representative of Mexico.
For Vice Chairman, the Representative of Egypt.
For Reporting Delegate, the Representative of New Zealand.

The Chairman moved at the conclusion of a short discussion that the suggestions be approved as recommendations to the plenary sessions, and this resolution was unanimously carried.

Document 40

GD/7

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

Inaugural Plenary Session

July 1, 1944
Assembly Hall, 3:00 p.m.

DR. KELCHNER: The United Nations Monetary and Financial Conference is hereby convened. It is the generally accepted practice for the host government to designate the temporary president of an international conference held under its auspices. Accordingly President Roosevelt has designated as temporary president of this Conference the Honorable Henry L. Morgenthau, Jr., Secretary of the Treasury of the United States. Secretary Morgenthau:

SECRETARY MORGENTHAU: President Roosevelt has sent a message to the Conference, and I can think of no more fitting way to welcome you than to have this message delivered to you at this time. I request the Secretary General to read President Roosevelt's message.

MEMBERS OF THE 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 (p. 2) 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 ensure 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 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.

(Signed) FRANKLIN DELANO ROOSEVELT

SECRETARY MORGENTHAU: The Chair recognizes the Chairman of the Delegation from China.

749013—48—6

THE HONORABLE HSIANG-HSI KUNG: Mr. President, Fellow Delegates, Ladies and Gentlemen:

I deeply appreciate the honor conferred upon my country and myself by the Delegations attending this Conference who have asked me to respond on their behalf to the encouraging words of the President of the United States. We have just listened to a message of hope, (p. 3) realism and far-sighted statesmanship. We are grateful to the United States for the calling of this Conference, which, we believe, marks a long step forward in laying the foundation for post-war economic collaboration in the interest of peace and prosperity among the nations.

We thoroughly agree with President Roosevelt that the program we are to discuss here constitutes a vital phase of the arrangements which must be made among the nations to ensure an orderly and harmonious world. We have witnessed, especially in the experience of the last twenty odd years, the blighting affects of monetary instability and dislocation in trade. I am sure you agree with me that we cannot be said to have won the peace unless our peace include international cooperation in monetary affairs as well as in the task of encouraging and facilitating international investment for economic reconstruction and development.

It is clear that suitable machinery must be provided to give effect to these objectives. It will be, therefore, a main duty of this Conference to set up permanent organizations or agencies for the consideration of these problems and for making such adjustments as may from time to time be found desirable and necessary. World economic forces are so dynamic that we shall be faced with problems of adjustment and change that will continue to occur. Hence there is need for permanent agencies to deal with these problems in their international aspects.

The questions we are here considering together, it is clear, are of vital concern to all of us—both to the countries that have long suffered through a bitter period of invasion and occupation, and to the more fortunate countries that have not felt so directly the blows of the enemy. The great need that will exist after the war in all parts of the world for all kinds of goods—to bring about, first, recovery and then progress to higher standards of living—will require the systematic restoration and improvement of the productive resources and facilities for trade in all countries. Our aim can be accomplished only through common action—so that countries will benefit from mutual accommodation of their policies and actions.

The world is coming more and more to recognize the interdependence of countries. We see that the action of one country in the field of currency and finance may have far-reaching effects upon the welfare of all. Only by working together can we establish a basis on which we can maintain a high level of prosperity and employment in our respective countries.

(p. 4) Monetary and financial problems are admittedly complicated. The task of the Conference is bound to be as arduous as it is important. We are gratified to find that the technical preparations of the Conference have been thorough and complete. I wish to take this opportunity to offer congratulations to the Technical Experts from all the nations who participated in the preliminary discussions for their splendid work which have so ably paved the way for this Conference.

The quiet and pleasant atmosphere of Bretton Woods provides a most fitting physical setting for the discussions of the Conference which, being a Conference of friendly powers united for a common purpose, will surely be dominated by a spirit of cordiality and cooperation. I am sure we are all conscious of the fact that the outcome of the Conference will affect the shape of the peace and the welfare of generations to come. We have before us a rare opportunity to serve the common people everywhere. I feel confident that we will all do our best to make the Conference a success.

SECRETARY MORGENTHAU: The Chair next recognizes the Chairman of the Delegation from Czechoslovakia.

THE HONORABLE LADISLAV FEIERABEND: Mr. Chairman, Honored colleagues:

I am mindful of the honor bestowed on me, in that I am permitted, as one of the humble servants of the people of Czechoslovakia, to greet the inspiring message of the President of the United States of America in which he so profoundly characterized this constructive undertaking of ours for the future peace whose horizons we can already envisage even though the guns are still thundering. This is no paradox, for war and peace have never been abrupt or instantaneous.

Our country has a deep interest in international currency stability and in the creation of an International Stabilization Fund which would be instrumental in achieving this desired end.

But it is not enough to assert our intentions nor to profess them. We must practice them. Assertion and profession indicate goals. We must progress from advocating to actually doing. We are gathered here to establish two institutions which will, in my opinion, greatly enhance the peaceful co-existence of all nations and serve as a highway to the security and prosperity for which mankind has striven so long and for which it is even now paying so dearly. The basic principles upon which we found these institutions must be stability and the opportunity for all to prosper, so that,—as (p. 5) President Roosevelt put it—we can truly add this to the spiral upon which our civilization is built. They should embody and foster the philosophy of man's humanity and by virtue of this we may hope to come close enough to the City of God so that the Deity Himself in glancing at our structure will be inspired to say "Well Done."

International Monetary Stability can hardly be achieved without an adequate solution of the problem of long term credits, the fluid and satisfactory evolution of which can in turn be assured only by a general stability of currencies. Because our country was entirely occupied before actual shooting began, the Germans succeeded in liquidating for their benefit nearly all our assets abroad emanating from our active trade balance. And because we had neither colonies, shipping nor investments outside of continental Europe there are practically no economic assets in friendly free countries. At home too; the Germans succeeded in robbing and destroying. Therefore, we will be obliged to begin to set our house in order with whatever assets we will be able to obtain from abroad in order to import raw materials, capital goods and other instruments without which we would be unable to offer employment to our citizens and assure them of a decent standard of living. In spite of our present deplorable economic status, we come to this Conference not to receive a "handout" or to attempt to make the more fortunate countries the Santa Claus for the rest of us. We come rather as industrious neighbors whose houses have been burned down by incendiaries to seek ways of rebuilding without encroaching upon the rights of those more fortunate whose structures remain to mark the familiar landscape. The existence of an International Reconstruction Bank and an International Stabilization Fund would ease our task.

Let me conclude with a humble tribute to the men and women in the great armies of the United States, Soviet Russia and Great Britain and China, and the other United Nations, and the people who stand behind them without whose strength and determination we could not have survived and whose deeds have kept alive the courage, faith and endurance of occupied lands. In the words of Walt Whitman, poet and prophet of the American people and their democratic way of life:

For happy are all free peoples too strong to be
  dispossessed,
But happiest are those among nations
That dare to be strong for the rest.

SECRETARY MORGENTHAU: It is customary to appoint certain temporary committees for the purpose of effecting the organization of the Conference. The draft (p. 6) regulations which were circulated provide for the appointment of a temporary Committee on Credentials, a Committee on Rules and Regulations, and a Committee on Nominations, all of which will report to the next plenary session. The Chair recognizes the Chairman of the Delegation of India.

SIR A. J. RAISMAN: Mr. President, I move the adoption of the following resolutions:

"Resolved that the Conference establish the following committess: Committee on Credentials, Committee on Rules and Regulations, and Committee on Nominations.

"Resolved that the Temporary President of the Conference be authorized to appoint the members of the foregoing committees."

(The motion was seconded and passed.)

SECRETARY MORGENTHAU: The Chairman appoints the following members for the Committee on Credentials:

The Chairmen of the Delegations of Cuba, Netherlands, Union of South Africa, Libera and Norway.

To the Committee on Rules and Regulations:

The Chairmen of the Delegations of China, Nicaragua, Poland, Australia and Iraq.

To the Committee on Nominations:

The Chairmen of the Delegations of New Zealand, Luxembourg, Honduras, Iceland and Peru.

Next the Chair recognizes the Chairman of the Delegation of Mexico:

THE HONORABLE EDUARDO SUAREZ: Mr. Chairman, Ladies, and Gentlemen:

(p. 7) It is my privilege to nominate for Permanent President of the International Monetary Conference, the Honorable Henry Morgenthau, Jr., Secretary of the Treasury of the United States of America.

I do this not merely to follow customary procedure in gatherings of an international character. I submit his name to you in the light of his personal merits and his achievements as a statesman.

There could hardly be a better occasion than this one to commend the courageous and far-sighted financial policy carried out under the Secretary's immediate responsibility. That policy defied orthodox thinking and set the course that led this great Nation to economic safety through seemingly unsurmountable difficulties.

It was inspired in the principle that the national income should be kept at the highest possible level and distributed more equitably, by means of the full utilization of manpower and resources.

One of the teachings derived from that wise policy is that external equilibrium and exchange stability should not be sought at the expense of internal equilibrium. Rather, they should be fundamentally the automatic consequence of an harmonious development of the national economies of all countries.

It is most fitting that this high Assembly by appointing Mr. Morgenthau as its Permanent President, should pay tribute to the unfailing devotion of his country to the cause of international monetary stability.

Had it not been for the effective and timely action of the Treasury of the United States, the world would have remained for many more years in the throes of monetary chaos and competitive depreciation of currencies.

It is because of the perseverance of the pursuit of that goal, that we now meet under the auspices of the Government of the United States to reach agreements embodying many of the same principles which have proved so sound, that they may be applied with equal advantage throughout the world.

We are confident that we shall attain full success in our endeavor to create a stable basis upon which nations can freely interchange their products, thereby raising the standard of living of humanity as a whole, which aim His Excellency the President of the United States of America has vigorously and properly set before us.

Permit me again to ask the Delegates to this Conference to elect Mr. Morgenthau as our Permanent President.

(p. 8) SECRETARY MORGENTHAU: The Chair recognizes the Chairman of the Delegation of Brazil.

THE HONORABLE ARTHUR DE SOUZA COSTA: Mr. President, Fellow Delegates, Gentlemen:

It is with the greatest pleasure that I beg to second the nomination of Mr. Morgenthau for the Presidency of this Conference.

There are still in the memory of all of us the drama of monetary chaos, of restrictions of all sorts of international trade, of blocked currencies, of economic isolationism, of competition instead of cooperation among central banks, and of general unemployment. The civilized world must not permit a repetition of this tragic situation.

The lesson which grew out of this experience is that we all live in one world and that the economic destinies of our respective peoples are mutually interdependent.

We are here united with the objective of establishing the general principles of economic understanding among nations which will assure that there will be no repetition of the tragic events of the inter-war period.

The technical experts of our respective countries have formulated the basis of a system of cooperation to guarantee a satisfactory equilibrium in the balance of international payments.

The general agreement among these experts is indicative of the substantial progress already made despite the criticism which always arises from resistance to innovation.

In this Conference we shall endeavor to consolidate these accomplishments and to establish an interrelationship between the Monetary Fund and other agencies of international economic and financial cooperation.

The preliminary work done by the Treasury Department of the United States constitutes a most appreciable constribution to the achievement of these objectives. We are indebted to Mr. Morgenthau for his initiative and leadership in making this Conference possible and I am confident that these same qualities will contribute greatly to the successful conclusion of our efforts.

In closing, I wish to express the thought that it should be our united purpose to awaken our peoples to the fact that an international monetary system is essential to the attainment of our common objective of (p. 9) increased productivity, elimination of unemployment and progressive improvement in living standards.

SECRETARY MORGENTHAU: The Chair recognizes the Chairman of the Delegation of Canada.

THE HONORABLE J. L. ILSLEY:

It is a privilege to support the nomination of the Secretary of the United States Treasury, Mr. Henry L. Morgenthau, Jr., to be Permanent President of this Conference.

Since the beginning of the war there has been an ever closer collaboration between our two countries which has necessitated the closest association of the United States and Canadian Treasuries. In my contacts with Mr. Morgenthau I have developed for him a high degree of respect and regard. It is true the interests of his country, the United States of America, have always been his guiding consideration in any dealings with us. But his concern has been for the broad and long-run interests of his country.

He has seen, as everyone must see that there are two objectives, the attainment of which is vital to every one of the United Nations, (1) the winning of the war in the shortest possible time and (2) the perfecting and successful operation of certain plans of international cooperation after the war, in fields in which we cooperated ineffectively before the war, and in fields not previously entered.

These I know to be the Secretary's views. He is, in large measure, personally responsible for the very gratifying progress already made in discussions among officials toward "establishing monetary arrangements favorable to the expansion of trade and employment". We would like to feel in Canada that the efforts of Canadian officials have contributed in some degree toward that progress. Neither the contribution nor the progress would have been possible without the initiative of the Secretary of the Treasury.

In his letter of instruction, the President has defined the responsibility placed on the delegates of the United States:

> "The responsibility which you and the other delegates of the American delegation will undertake is the responsibility for demonstrating to the world that international post-war cooperation is possible."

(p. 10) That is a responsibility in this Conference which all of us must share. Under no other leadership than Mr. Morgenthau's would this responsibility be assumed with so great a chance of success.

The importance of the deliberations we are about to begin extends far beyond the subject matter of the conference. The outcome will influence in large measure the successful reestablishment of normal commercial pursuits after the war. But above and beyond this, it will demonstrate to the world at large, and in particular to those unhappy people whom we are now beginning to liberate from the enemy's yoke, that the working partnership of the United and Associated Nations means to remain in business after the war.

All of us have a vital national interest in the promotion of conditions and the establishment of agencies through which world trade will expand and the world's productive resources be used for the benefit of all.

It is in this spirit that the technicians of various countries have brought forward the proposals that lie at the base of our deliberations and it is in this spirit that we associate ourselves with the work of this Conference.

SECRETARY MORGENTHAU: The Chair recognizes the Chairman of the Delegation of the Union of Soviet Socialist Republics.

THE HONORABLE M. S. STEPANOV: Mr. Chairman, Ladies and Gentlemen:

On behalf of the Delegation of the Soviet Union I have the pleasure to greet the Monetary and Financial Conference of the United and Associated Nations, which was initiated by the Government of the United States. The present Conference is taking place in time of great significance when the democratic peoples are fighting against aggressors and when the armed forces of the Allies are delivering crushing and powerful blows to Hitlerite Germany from the East and from the West. I would like to draw your attention to the great work which has been done by the Secretary of the United States Treasury, Mr. Morgenthau, his assistants and experts, the work which made this Conference possible.

On behalf of the Delegation of the Soviet Union I second the motion of the Chairman of the Mexican Delegation to nominate Mr. Morgenthau, the Secretary of the United States Treasury, as the permanent chairman of the Monetary and Financial Conference of the United and Associated Nations.

(p. 11) (Secretary Morgenthau was thereupon elected Permanent President of the Conference.)

SECRETARY MORGENTHAU: 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 fulfillment 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 mould, through our common effort, a world that is, in truth, secure and free.

(p. 12) 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 prewar decade, about 20 percent of our exports went to the 47 million people in the highly industrialized United Kingdom; less than three 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.

(p. 13) 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 postwar 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 Tri-Partite 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 bi-lateral 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 (p. 14) 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.

(The inaugural plenary session was closed with the playing of the Star-Spangled Banner.)

Document 43

(p. 9)

JOURNAL

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

No. 3 Bretton Woods, New Hampshire July 3, 1944

ORDER OF THE DAY

Meetings for Monday, July 3

Second Plenary Session	10 a.m.	Auditorium
Commission I	2 p.m.	Auditorium
Commission II	3:30 p.m.	Auditorium
Commission III	5 p.m.	Auditorium

(p. 10)

RÉSUMÉ OF MEETING OF THE COMMITTEE ON CREDENTIALS

The Committee on Credentials met on Sunday, July 2, at 9 p.m., with Eduardo I. Montoulieu (Cuba) as Chairman. The Committee will report to the plenary session to be held today at 10 a.m.

Document 47

ID/2

Opening Remarks of Lord Keynes at the First Meeting of the Second Commission on the Bank for Reconstruction and Development

It is our hope that the institution of the Bank for Reconstruction and Development, to which this Commission is to devote its work, will serve the purpose of increasing the health, prosperity and friendship of the participating countries in two main respects.

In the first place, it will be authorised in proper cases and with due prudence to make loans to the countries of the world which have suffered from the devastation of war, to enable them to restore their shattered economies and replace the instruments of production which have been lost or destroyed. It is no part of the purpose of UNRRA to provide funds for reconstruction as distinguished from the necessary relief and rehabilitation in the days immediately following liberation. There is, therefore, at present a gap in the proposals of the United and Associated Nations which is not yet filled, and to fill which there is no proposal in view except the institution of this Bank. Yet this is a matter of the utmost urgency and importance where we should, therefore, press forward to reach agreement on methods and on details. We do not know the date of the complete liberation of the occupied countries of Europe and Asia. But we are now entitled to hope that it will be not unduly delayed. We should be bitterly failing in duty if we were not ready prepared for the days of liberation. The countries chiefly concerned can scarcely begin to make their necessary plans until they know upon what resources they can rely. Any delay, any avoidable time lag will be disastrous to the establishment of good order and good government, and may also postpone the date at which the victorious armies of liberation can return to their homelands.

(p. 2) I cannot, therefore, conceive a more urgent, necessary and important task for the Delegates of the forty-four nations here assembled. I am confident that the members of the Commission of which I have the honour to be the Chairman will devote themselves to their work in a spirit of full responsibility, well aware how much depends on their success.

It is likely, in my judgment, that the field of reconstruction from the consequences of war will mainly occupy the proposed Bank in its early days. But as soon as possible, and with increasing emphasis as time goes on, there is a second primary duty laid upon it, namely, to develop the resources and productive capacity of the world, with special attention to the less developed countries, to raising the standard of life and the conditions of labour everywhere, to make the resources of the world more fully available to all mankind, and so to order its operations as to promote and maintain equilibrium in the international balances of payments of all member countries.

These two purposes deserve particular emphasis, but are not exclusive or comprehensive. In general, it will be the duty of the Bank, by wise and prudent lending, to promote a policy of expansion of the world's economy in the sense in which this term is the exact opposite of inflation. By "expansion" we should mean the increase of resources and production in real terms, in physical quantity, accompanied and facilitated by a corresponding increase of purchasing power. By "inflation" on the other hand, we should mean the increase of purchasing power corresponding to which there is no accompanying increase in the quantity of production. The Bank will promote expansion and avoid inflation.

(p. 3) Under the proposals to be brought before you, the Bank will be free to operate along three different lines.

A certain part of the Fund's subscribed capital will be called up and will be available for direct lending by the Bank for approved purposes in the currencies of the contributing members.

But the greater part of its subscribed capital will be held as a reserve fund with which to guarantee two other types of operations.

The first type of loan eligible for such guarantee will be loans for suitable purposes and on suitable terms issued through the ordinary channels of the investment market where on account of the risks involved there would be difficulty otherwise in placing the loan on terms which the borrowing country could afford to pay.

The second type of loan secured by the assets and subscribed capital of the Bank will also be placed through the ordinary channels of the investment market but will be offered on the Bank's behalf in its own name. The proceeds of such loans will then be re-lent by the Bank to borrowing countries on terms and for purposes to be directly agreed with them.

The proceeds of both these types of loan would be freely available for the borrower to make purchases in any member country, with due regard to economy and efficiency.

Let me now explain the nature of the proposed guarantee, for this is of a novel character which may be regarded as marking in a particularly significant way the international character of the proposed institution.

(p. 4) It is evident that only a few of the member countries will be in possession of an investable surplus available for overseas loans on a large scale, especially in the years immediately following the war. It is in the nature of the case that the bulk of the lending can only come from a small group of the member countries, and mainly from the United States. How then can the other member countries play their proper part and make their appropriate contribution to the common purpose?

Herein lies the novelty of the proposals which will be submitted to you. Only those countries which find themselves in a specially favoured position can provide the loanable funds. But this is no reason why these lending countries should also run the whole risk of the transaction. In the dangerous and precarious days which lie ahead, the risks of the lender will be inevitably large and most difficult to calculate. The risk premium reckoned on strict commercial principles may be beyond the capacity of an impoverished borrower to meet, and may itself contribute to the risks of ultimate default. Experience between the wars was not encouraging. Without some supporting guarantee, therefore, loans which are greatly in the interests of the whole world, and indeed essential for recovery, it may prove impossible to float.

Yet, as I have said, there is no reason in a case like this, where the interests of all countries alike, whether lenders or borrowers, or exporters, are favourably affected, why the unavoidable risks should fall exclusively on the lenders, for example, the investors or the government of the United States, if it turns out that they are the chief source of available funds.

(p. 5) The proposal is, therefore, that all the member countries should share the risk in proportions which correspond to their capacity. The guarantees will be joint and several, up to the limit of any member's subscription, so that the failure of any member to implement his guarantee will not injuriously affect the lender, so long as the Bank has other assets and subscriptions to draw upon, resources which will, according to our proposals, be of considerable dimensions. Moreover, it is proposed that every member country should undertake to provide gold or free exchange up to the full amount of its subscription, in so far as it is called upon under its guarantee. Therefore the quality of the bonds thus guaranteed should be of the first order; at any rate they will be a great deal better than in the case of many borrowing countries there would be any hope of offering otherwise than under the auspices of the new institution.

The bonds will be good for several different reasons. In the first place, they will have behind them the vast resources of the Bank available in gold or free exchange. In the second place, the proceeds will be expended only for proper purposes and in proper ways, after due enquiry by experts and technicians, so that there will be safeguards against squandering and waste and extravagance, which were not present with many of the ill-fated loans made between the wars. In the third place, they will carry the guarantee of the borrowing country; and this borrower will be under an overwhelming motive to do its best and play fair, for the consequences of improper action and avoidable default to so great an institution will not be lightly incurred.

(p. 6) But there is also a fourth safeguard of great importance to the guaranteeing countries as well as to the lenders. There are two reasons for hoping that the guarantors will not find themselves under any insupportable or burdensome liability. In the first place, a guarantee will relate to the annual servicing of the loan for interest and amortisation. Its implementation will, therefore, be spread over a period corresponding to the term of the loan and cannot fall due suddenly as a lump sum obligation. In the second place, there is an interesting and essential feature of the proposals in the shape of a commission payable by the borrower in return for its guarantee. It is suggested that for long-term loans of the normal character this commission should be at the rate of 1 per cent. per annum. This rate of commission should be the same for all members alike, for it would be a mistake, and worse than a mistake, to attempt the invidious task of discriminating between members and assessing their credit-worthiness in what is really a mutual pool of credit insurance amongst a group acting in good faith—indeed in the old language of insurers consecrated by tradition, in the spirit of *uberrima fides*, of good faith, complete, abundant and overflowing.

This commission should not be an excessive burden on the borrower. 1 per cent. added to the interest appropriate to a loan guaranteed by the Bank will not be onerous. On the other hand, the annual receipts from the commission will greatly augment the free reserves of the Bank available to meet its obligations before calling on the guarantors. The Bank should aim at so conducting its business that there would be a good hope of the pool of commissions being sufficient by itself to carry it most of the way.

(p. 7) Here are the broad outlines of the proposals which you will be asked to consider. There are other aspects and much detail for you to work out. For the Bank has not enjoyed so much discussion as has the Fund prior to this Conference.

But I believe that we have before us a proposal the origins of which we owe primarily to the initiative and ability of the United States Treasury, conceived on sound and fruitful lines. Indeed, I fancy that the underlying conception of a joint and several guarantee of all the member countries throughout the world, in virtue of which they share the risks of projects of common interest and advantage even when they cannot themselves provide the lump sum loan originally required, thus separating the carrying of risk from the provision of funds, may be a contribution of fundamental value and importance to those difficult, those almost overwhelming tasks which lie ahead of us, to rebuild the world when a final victory over the forces of evil opens the way to a new age of peace and progress after great afflictions.

3rd July 1944.

Document 51

Commission I

Committee Assignments

Committee I. Purposes, Policies, and Quotas of the Fund

Article I. Purposes and Policies of the Fund
Article II. Subscription to the Fund
  Sec. 1. Countries eligible for membership
  Sec. 2. Quotas

Sec. 3. Time and place of payment
Sec. 4. Adjustment of quotas
Sec. 5. Initial payments
Sec. 6. Payments when quotas are changed

Article IX. Obligations of Member Countries
Sec. 1. Purpose and scope of additional undertakings
Sec. 2. Gold purchases based on parity prices
Sec. 3. Foreign exchange dealings based on par values
Sec. 4. Exchange controls on current payments

Committee II. Operations of the Fund

Article III. Transactions with the Fund
Sec. 1. Agencies dealing with the Fund
Sec. 2. Conditions upon which any member may purchase currencies of other members
Sec. 2(a). Conditions governing purchases for capital transfers
Sec. 3. Declaring members ineligible to use the resources of the Fund
Sec. 4. Limitation on the operations of the Fund
Sec. 5. Operations for the purpose of preventing currencies from becoming scarce
Sec. 6. Multilateral international clearing
Sec. 7. Acquisition by members of the currencies of other members for gold
Sec. 8. Other acquisitions of gold by the Fund
(p. 2) Sec. 9. Transferability and guarantee of the assets of the Fund
Sec. 10. Charges and commissions
Sec. 11. Furnishing information
Sec. 12. Consideration of representations of the Fund

Article IV. Par Values of Member Currencies
Sec. 1. Par values of the currencies of members
Sec. 2–4. Changes in par values
Sec. 5. Uniform changes in par values
Sec. 6. Protection of the assets of the Fund
Sec. 7. Separate currencies within a member's jurisdiction

Article V. Capital Transactions
Sec. 1. Use of the resources of the Fund for transfers of capital
Sec. 2. Limitation on controls of capital movements

Article VI. Apportionment of Scarce Currencies
Sec. 1. General scarcity

Sec. 2. Scarcity of the Fund's holdings
Article X. Transitional arrangements
Sec. 1. Exchange restrictions and currency arrangements and practices retained
Sec. 2. Withdrawal of exchange restrictions
Sec. 3. Policy of the Fund during the transition period
Article XIII. Final Provisions
Sec. 5. Fixing initial par values

Committee III. Organization and Management of the Fund

Article VII. Management of the Fund
Sec. 1. Board of Governors
Sec. 2. The Executive Directors
Sec. 3. Voting
(p. 3) Sec. 4. The General Manager
Sec. 5. Publication of reports
Sec. 6. Depositories
Sec. 7. Form of holdings of currency
Sec. 8. Relationship to other international organizations
Sec. 9. Location of offices
Sec. 10. Distribution of net income of the Fund
Sec. 11. Miscellaneous powers
Article VIII. Withdrawal from the Fund
Sec. 1. Right of members to withdraw
Sec. 2. Suspension of membership or compulsory withdrawal
Sec. 3. Settlement of accounts with countries ceasing to be members
Sec. 4. Liquidation of the Fund

Committee IV. Form and Status of the Fund

Article IX. Obligations of Member Countries
Sec. 5. Immunity of assets of the Fund
Sec. 6. Immunity from suit
Sec. 7. Restrictions on taxation of Fund, its employees and obligations
Article XI. Amendments
Article XII. Interpretation of the Agreement
Sec. 1. Interpretation
Sec. 2. Definitions
Sec. 3. Effect on other international commitments
Article XIII. Final Provisions
Sec. 1. Acceptance of membership in the Fund
Sec. 2. Effective date of the Agreement

Sec. 3. Calling the initial meeting of the Fund
Sec. 4. Agenda of the initial meeting
Article XIV. Execution of the Agreement

Document 52

Report of the Committee on Rules and Regulations

The Committee on Rules and Regulations met on Saturday, July 1 at 9 p.m.

The Committee had before it the preliminary draft regulations which had been distributed to all delegations in advance of the Conference and the revision of these regulations (Conference Document SN/1) which had been distributed to the members of the Conference during the day.

The Committee received from the Secretariat an explanation of the changes in drafting which had been made in the regulations since they were first distributed. In the interests of clarification the Committee adopted certain additional changes of phraseology and arrangement.

The Committee unanimously approved the regulations as amended and submits them herewith to the Conference for adoption.

The only changes introduced by the Committee since the distribution of the draft to the Conference on July 1 are the following:

Article IX, Paragraph (b). The last sentence of this paragraph is made a separate Paragraph (c).

Article X (a). With reference to the functions of the Committee on Nominations, and having in mind the action of the Conference at its Inaugural Session in electing its Permanent President, the deletion of the reference to the Permanent President in this paragraph.

Article XXVIII. Insert after the first word of the Article the word "new".

Submitted by: Leslie G. Melville, Australia
Ibrahim Kamal, Iraq
Guillermo Sevilla Sacasa, Nicaragua
Ludwig Grosfeld, Poland
H. H. Kung, China, Chairman
Philip C. Jessup, Secretary

Document 53

C/RR/6

Minutes of the Committee on Rules and Regulations

Saturday, July 1, 1944, 9 p.m.

The Committee on Rules and Regulations met in Room A at 9 p.m. on Saturday, July 1. The Chairman, Dr. H. H. Kung (China) presided. The following members of the Committee were also present:

Leslie G. Melville, Australia
Ibrahim Kamal, Iraq
Guillermo Sevilla Sacasa, Nicaragua
Ludwik Grosfeld, Poland

Dr. Kelchner, the Secretary General, also attended.

The Chairman called on the Secretary to make a report to the Committee concerning the drafts of the regulations which had already been distributed.

The Secretary reminded the Committee that a preliminary draft of the regulations, prepared by the Secretary General in accordance with international precedents, had been circulated to the delegations some days before the Conference opened. A revision of that preliminary draft had been distributed to the delegates during the day. The Secretary proceeded to call attention to the changes which had been made and to explain the reasons for them. In addition to the changes already incorporated in the draft regulations as circulated in Conference Document SN/1 (C/RR/1) the Secretary called attention to changes in drafting in the third paragraph of article 8 and in paragraph (a) of article 10.

The Chairman then inquired whether there were any other suggestions for changes in the draft regulations.

Mr. Grosfeld suggested that the last sentence of paragraph (b) of article 9 be made paragraph (c) of that article. This suggestion was accepted.

(p. 2) Mr. Grosfeld also suggested a clarification of the phrasing of article 28 to make it clear that it did not refer to the ordinary exchange of views or amendments introduced in the course of Committee discussions. After discussion the suggestion was adopted.

Mr. Melville inquired whether the provisions in chapter 7 of the regulations contemplated that formal ballots would need to be taken on each point as it arose. He felt that if this were the case it might unnecessarily prolong the proceedings. At the request of the Chairman, the Secretary General explained that what Mr. Melville feared was quite the opposite of what was contemplated under the regulations. He explained that in accordance with the customary practice of such international conferences the Committees and Commissions would proceed merely by taking the consensus of the group and that it was not contemplated that formal record votes by delegations would be taken on the various points as they arise in the course of the discussions. Mr. Melville felt that in the light of this explanation no change in the regulations was necessary.

There being no further suggestions the Chairman inquired whether it was the desire of the Committee that the draft regulations as amended should be submitted to the Conference on Monday as the report of the Committee. The members of the Committee having unanimously indicated their approval of this course of action, the Chairman instructed the Secretary to prepare the report. The Committee then adjourned.

H. H. Kung, Chairman
Philip C. Jessup, Secretary

Document 55

(p. 11)

JOURNAL

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

No. 4 Bretton Woods, New Hampshire July 4, 1944

ORDER OF THE DAY

Meetings for Tuesday, July 4

10 a.m.	Committee 1 of Commission I	Auditorium
10 a.m.	Committee 3 of Commission I	The Hemicycle
11:30 a.m.	Committee 2 of Commission I	Auditorium
11:30 a.m.	Committee 4 of Commission I	The Hemicycle
4 p.m.	Committee 1 of Commission I	Auditorium
4 p.m.	Committee 3 of Commission I	The Hemicycle
5:30 p.m.	Committee 2 of Commission I	Auditorium
5:30 p.m.	Committee 4 of Commission I	The Hemicycle

(p. 12)

Résumé of the Second Plenary Session

(Auditorium, July 3, 10 a.m.)

The Second Plenary Session of the Conference was held at 10 a.m. on July 3. The reports of the Committee on Credentials, the Committee on Rules and Regulations, and the Committee on Nominations were received and approved.

The Delegate of Peru proposed a resolution on the occasion of the Independence Day of the United States. Charles W. Tobey, Senator from New Hampshire and a member of the United States Delegation, responded with an inspired address.

Résumé of Commission Meetings

Commission I. International Monetary Fund

(July 3, 2 p.m.)

The first meeting of Commission I was held on July 3 at 2 p.m. The Chairman, Mr. White (U.S.A.), addressed the Commission, explaining the need for the Fund and the objectives of the Fund. After the conclusion of his remarks, the Chairman requested the delegations to submit the names of their members on the Commission to the Secretary General or to the Secretary of the Commission. It was announced that the basic documentation for the work of Commission I would consist of the Preliminary Draft of July 1, 1944, the first part of which had already been distributed, in addition to the Preliminary Draft Outline of July 10, 1943 and the Joint Statement of April 21, 1944.

(Minutes of the meeting are being distributed separately as document #58.)

Commission II. Bank for Reconstruction and Development

(July 3, 3:30 p.m.)

The organizational meeting of Commission II was held at 3:30 p.m. on Monday, July 3. The Chairman, Lord Keynes (United Kingdom), explained the purposes of the Commission, and, in accordance with his recommendation, an agenda committee was established preparatory to further meetings of the Commission and its member Committees.

(Minutes of the meeting are being distributed separately as document #60.)

(p. 13)

Commission III. Other Means of International Financial Cooperation

(July 3, 5 p.m.)

The first meeting of Commission III was held at 5 p.m. on July 3. The Chairman, Mr. Suárez (Mexico), outlined the scope and nature of the work of the Commission. An agenda committee consisting of five members was appointed for the purpose of receiving suggestions and making recommendations as to the specific problems which should be dealt with in Commission III.

(Minutes of the meeting are being distributed separately as document #61.)

Typographic Error in Regulations

Attention is called to a typographic error in the Regulations as distributed (Conference Document 34, C/RR/4(C/RR/1)).

In article 24, last sentence, the reference should be to article 17 instead of article 18.

Document 56

DP/1

Mexican Delegation

Proposal on Voting Changes in Rates of Member Currencies

WHEREAS the proposed distribution of voting power in connection with altering the rates of exchange of a member country places countries with small quotas in a notoriously disadvantageous position as compared with that of the countries with the largest quotas;

WHEREAS under the proposed voting system a coalition of a small number of major member countries controlling the majority of votes is in a position to approve changes in the rates of their own currencies while such a coalition equally could prevent changes in the rates of all other member currencies;

WHEREAS all the countries having the smaller quotas even if they cast all their votes together could never attain such an overwhelming position;

WHEREAS the stability of the exchange rates of the economically weaker countries is largely dependent upon the responsibility of the economically stronger countries for maintaining a high level of employment and national income; and

WHEREAS, therefore, a change in the rates of the less important currencies affects international monetary equilibrium to an extent very much smaller than a change in the rates of the major currencies;

The Mexican Delegation submits the following

MODIFICATION

of Article IV, Section 4, of the Joint Statement:

After consulting the Fund, a member country may change the established parity of its currency, provided the proposed (p. 2) change, inclusive of any previous change since the establishment of the Fund, does not exceed 10% for the country having a quota ten per cent or more of the aggregate quotas, and not to exceed 20% in the case of a country having less than ten per cent of the aggregate quotas. In the case of application for a further change not covered by the above and not exceeding 10 per cent for the country having a quota ten per cent or more of the aggregate quotas, and not to exceed 20 per cent in the case of a country having less than ten per cent of the aggregate quotas, the Fund shall give its decision within two days of receiving the application, if the applicant so requests.

Document 58

CI/M/1

Minutes of Meeting of Commission I

July 3, 1944, 2 p.m.

The first meeting of Commission I was called to order by the Secretary General, who announced that in conformity with the rules and regulations adopted July 3, 1944, Harry D. White (U.S.A.) had been designated Chairman, Rodolfo Rojas (Venezuela), Vice Chairman, and L. Rasminsky (Canada), Reporting Delegate. Mr. White took over the Chair and introduced the Secretary of the Commission, Leroy D. Stinebower, and the Assistant Secretary, Mrs. Eleanor Lansing Dulles. (The Secretaries will be available in room 156 for assistance to the members of the Commission.)

Mr. White then addressed the Commission, explaining the objectives of the Fund and its importance for full production and employment, and for improvement of the standard of living in all peace-loving countries. He stressed the danger of economic warfare and the need for fostering multilateral trade. He said that the international monetary fund is designed to promote exchange stability, to assure multilateral payment facilities, and to lessen international disequilibrium.

The Chairman asked the Delegations to submit the names of members on Commission I to the Secretary General (room 136) or to the office of Commission I (room 156). He said that it had been decided that the work of the Commission would be divided into four Committees according to the agenda already distributed, and that the Committees would usually report their conclusions to the Commission after each two meetings.

It was announced that the basic documentation for the work of Commission I, in addition to the Preliminary Draft Outline and the Joint Statement, will include the Preliminary Draft of July 1, 1944 (SA/1). (This document is not yet complete but the first part has been distributed.)

The Chairman announced that Committees 1 and 3 would meet at 10 a.m., July 4, 1944, and Committees 2 and 4 at 11:30, the places of meeting to be announced. The Committees will also meet in the afternoon.

The Commission was thereupon adjourned, to meet again at the call of the Chairman.

Document 59

CI/R/1

Opening Remarks of Mr. Harry D. White at the First Meeting of the Commission on the International Monetary Fund

Each of the United and Associated Nations has as a fundamental objective the creation of as full production and employment as is possible in its own country. This is the only practical way to improve the standard of living in the peace-loving nations. But this objective is attainable only if there is the fullest trade among the nations based on the interests of all. It cannot be achieved if military warfare is followed by economic warfare—if each country, to the disregard of the interests of other countries, battles solely for its own short-range economic interests. The unrestrained economic fighting of the 1930's points clearly to the conclusion that such economic warfare is neither in the best interests of the particular country nor in the general interest of all countries. Unrestrained economic warfare, if allowed to continue in the future, will again disrupt production and employment by destroying international trade and injuring national markets. It will undermine one of the foundation stones for a secure peace.

Some examples from the United States may illustrate what I mean: The condition of American cotton, tobacco, and other agricultural producers depends upon the ability of European and other countries to buy substantial portions of their crops. If Europe is not prosperous and the proper mechanisms of trade are not used, these American producers will not be able to export as much of their produce. At the same time the prosperity of other parts of the world and of the United States depends on the importation of raw materials from foreign countries. The higher the production levels in the United States and the more efficient the trade mechanisms, the more raw materials we import from (p. 2) abroad. Both the United States and other countries are thus benefited. A unilateral or bilateral approach to our trade problems cannot produce the highest benefits for the peace-loving nations. The approach must be multilateral.

The proposal for an International Monetary Fund which we are to consider in this Commission is designed to promote the development of international markets by providing a permanent institution for international monetary cooperation. It would promote exchange stability, assure multilateral payment facilities, help lessen international disequilibrium, and give confidence to member countries. Only by developing the necessary machinery to maintain multilateral non-discriminatory trading among nations can we hope to avoid resort to exchange restrictions, quotas, and other devices which inevitably cause a contraction of trade and production. The proposed Fund, which is before you for consideration, would be an important influence toward stability in international monetary and economic relations.

Clearly it is going to be a difficult task to get over all the ground that we hope to cover before the end of the Conference. We can be successful only if we concentrate on the job and cooperate to the fullest possible extent. That is the task of this Commission and its various Committees.

Document 60

CII/M/1

Minutes of Meeting of Commission II

July 3, 1944, 3:30 *p.m.*

The Secretary General called the meeting to order and announced the election by the Conference of representatives of the

United Kingdom, Chile, and Belgium to the positions of Chairman, Vice Chairman, and Reporting Delegate, respectively. He also announced that the respective delegations had nominated Lord Keynes as Chairman, Luis Alamos Barros as Vice Chairman, and Georges Theunis as Reporting Delegate.

Lord Keynes assumed the Chair and introduced the Secretaries of the Commission, Messrs. Upgren and Smithies, and the Assistant Secretary, Miss Russell, who will be available in room 147 for assistance to members of the Commission.

The Chairman then delivered a brief address (copies of which have been separately distributed), on the purposes of the proposed United Nations Bank for Reconstruction and Development.

The Chairman suggested that it would be advisable to appoint an agenda committee to assemble suggestions from the various delegations and prepare for the next meeting of the Commission. The Delegate of Ecuador thereupon moved that the Chairman's suggestion be adopted and that the Chairman be empowered to appoint a committee. The motion was seconded by the Delegate of Haiti and carried unanimously.

The Chairman announced that the members of the Committee would be representatives of the following delegations:

United Kingdom, *Chairman*

Brazil	French Committee
Canada	India
China	Union of Soviet Socialist Republics
Cuba	
Czechoslovakia	United States of America

The meeting was thereupon adjourned until further notice.

Document 61

CIII/M/1

Minutes of Meeting of Commission III

July 3, 1944, 5 *p.m.*

The meeting was opened by the Secretary General who announced the election of officers of Commission III and introduced the Chairman, Eduardo Suárez (Mexico), the Vice Chairman, Sany Lackany Bey (Egypt), and the Reporting Delegate, A. G. B. Fisher (New Zealand).

The Chairman discussed the nature and scope of the work of the Commission. He pointed out that Commission III will not be dealing with specific proposals that have been the subject of extended consultation and study by the technical representatives of various nations.

A motion was passed authorizing the Chairman to appoint a committee to receive suggestions and make recommendations as to the problems which should be dealt with by the Commission. The Chairman appointed the following agenda committee:

Representative of Poland, *Chairman*
Representative of the Netherlands, *Reporter*
Representatives of Chile, Ethiopia, and
Uruguay, *Members*

Delegates were requested to submit specific problems to the committee during the next three days through the Technical Secretary (office, room 151).

The meeting was thereupon adjourned until further notice.

Document 63

GD/12

Verbatim Minutes of the Second Plenary Session

(*July* 3, 1944, 10 *a.m.*)

SECRETARY MORGENTHAU: The Second Plenary Session of the United Nations Monetary and Financial Conference is hereby convened.

I recognize the Chairman of the Delegation of Cuba, who will present the report of the Committee on Credentials.

MR. MONTOULIEU:

Report of the Committee on Credentials

July 2, 1944

The Committee appointed by the Temporary President of the United Nations Monetary and Financial Conference to examine the credentials of its participants met under the chairmanship of the Honorable Eduardo I. Montoulieu, Chairman of the Delegation of Cuba, on July 2, 1944, at 9 p.m. The Committee consisted of representatives of Cuba, Liberia, Netherlands, Norway, and Union of South Africa. The credentials of the representatives of the following governments or authorities were examined and found to be in good order: Australia, Belgium, Bolivia, Brazil, Canada, Chile, China, Colombia, Costa Rica, Cuba, Czechoslovakia, Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, French Delegation, 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, Uruguay, Venezuela, and Yugoslavia. The Committee therefore recommends the approval of these credentials and the accordance of full right of participation in the Conference.

The Committee on Credentials also had occasion to read a letter dated June 2, 1944, from the Honorable Cordell Hull, Secretary of State of the United States, to the Honorable Henrik de Kauffmann, Minister of Denmark, inviting him to attend in his personal capacity the inaugural plenary meeting of the Conference. It also had before it the reply of the Danish Minister dated June 3, 1944, accepting this invitation and stating that he would be accompanied to Bretton Woods by an adviser. Inasmuch as no question of credentials was raised by these letters, the Committee agreed to refer their subject matter to the Conference and would be pleased if an invitation could be extended to the Danish Minister to attend further meetings of this Conference, without the privilege of a vote.

(p. 2) The Committee on Credentials also had occasion to read letters dated June 12, 1944 from the Honorable Dean Acheson, Assistant Secretary of State of the United States, to the appropriate officials of the following international organizations inviting each of these organizations to send an observer to the Conference: The International Labor Office, the United Nations Relief and Rehabilitation Administration, the Economic Section of the League of Nations, and the United Nations Interim Commission on Food and Agriculture, in response to which each of these organizations had indicated its desire to send observers pursuant to such invitation. Inasmuch as no question of credentials was raised by this matter, the Committee merely reports it to the Conference with a request that the observers be invited to attend the sessions of the Conference, without the privilege of a vote.

Eduardo I. Montoulieu,
Chairman
Edward G. Miller, Jr.,
Secretary

MR. MONTOULIEU: The Committee also prepared a draft of a resolution which I move be adopted. The resolution reads as follows:

A Resolution Approving and Adopting the Report of the Committee on Credentials

WHEREAS,

The Committee on Credentials appointed by the Temporary Chairman has convened, examined the credentials of the representatives of the participating governments or authorities, their technical advisers and other assistants, and made its report, a copy of which is annexed hereto and made a part hereof, now therefore

BE IT RESOLVED,

That the aforesaid Report be, and hereby is, in all respects approved and adopted; that the representatives of the participating governments or authorities, technical advisers, and other assistants, be accredited in accordance therewith; that the Conference invite the Danish Minister, in his personal capacity, and an adviser, to attend further meetings of the Conference without the privilege of a vote; and that the Conference invite the International Labor Office, the United Nations Relief and Rehabilitation Administration, the Economic Section of the League of Nations, and the United Nations Interim Commission on Food and Agriculture to send one observer from each organization to attend the sessions of the Conference without the privilege of a vote.

(p. 3) SECRETARY MORGENTHAU: Gentlemen, you have heard the resolution. Any discussion?

(None.)

All those in favor of the resolution please signify by saying "Aye".

(Aye.)

SECRETARY MORGENTHAU: Contrary minded?

(None.)

(The motion was duly seconded and passed.)

I now recognize Dr. Kung, Chairman of the Committee on Rules and Regulations of the Conference, who will present the report of this committee.

DR. KUNG:

Report of the Committee on Rules and Regulations

The Committee on Rules and Regulations met on Saturday, July 1, at 9 p.m.

The Committee had before it the preliminary draft regulations which had been distributed to all delegations in advance of the Conference and the revision of these regulations (Conference Document SN/1) which had been distributed to the members of the Conference during the day.

The Committee received from the Secretariat an explanation of the changes in drafting which had been made in the regulations since they were first distributed. In the interests of clarification the Committee adopted certain additional changes of phraseology and arrangement.

The Committee unanimously approved the regulations as amended and submits them herewith to the Conference for adoption.

The only changes introduced by the Committee since the distribution of the draft to the Conference on July 1 are the following:

Article 9, paragraph (b). The last sentence of this paragraph is made a separate paragraph (c).

Article 10 (a). With reference to the functions of the Committee on Nominations, and having in mind the action of the Conference at its Inaugural Session in electing its Permanent President, the deletion of the reference to the Permanent President in this paragraph.

(p. 4) Article 28. Insert after the first word of the article the word "new".

Submitted by: Leslie G. Melville, Australia
Ibrahim Kamal, Iraq
Guillermo Sevilla Sacasa, Nicaragua
Ludwik Grosfeld, Poland
H. H. Kung, China, *Chairman*
Philip C. Jessup, *Secretary*

DR. KUNG: Mr. President, may I move that this report be adopted by the Conference.

SECRETARY MORGENTHAU: With reference to that part of the report of the Committee on Rules and Regulations which makes a slight change in article 28 in the interest of clarity, the Chair understands that the Committee had in mind making it plain that article 28 refers to additional matters which it might be desirable to bring into the discussion. In regard to these new matters, article 28 requires delivery to the Secretary General and special advance distribution. Article 28 of the Regulations, in the understanding of the Chair, is not intended to apply to the ordinary exchange of views or amendments introduced in the normal course of committee discussions. The Chair understands, however, that any important amendments to any text changes under consideration by a committee or commission will not be submitted to the committee or commission for any final expression of its views until after a lapse of time sufficient to enable the delegations to give careful consideration to the proposed modification of the text. Of course, like all other rules of the Conference, this procedure might be varied by unanimous consent if considered desirable.

I now recognize the Chairman of the Delegation of Poland.

MR. GROSFIELD: I second the motion of the Chairman of the Chinese Delegation. The regulations, or the proposed regulations, give, I am sure, the full opportunity to every delegation to express their views and at the same time they guarantee an efficient functioning of the Conference. I, therefore, beg you to approve the proposed regulations.

SECRETARY MORGENTHAU: Do I hear any objections?

(Pause.)

I hear no objections. All those in favor say "Aye."

(Aye.)

SECRETARY MORGENTHAU: Opposed?

(None.)

(p. 5) (The regulations were duly approved.)

I recognize the Chairman of the Delegation of New Zealand, Mr. Nash, who will present the report of the Committee on Nominations.

MR. NASH:

Report of the Committee on Nominations

Saturday, July 1, 1944, 10 *p.m.*

Chairman—Walter Nash, New Zealand
Secretary—Frank Coe

The meeting of the Committee on Nominations was called together by the Chairman, Mr. Walter Nash, the Representative of New Zealand. The members present at the meeting were:

Luxembourg	Hugues Le Gallais
Honduras	Julián R. Cáceres
Iceland	Magnús Sigurdsson
Peru	Pedro Beltrán

The Chairman, after convening the meeting, submitted the following suggestions for recommendation to the plenary session for appointment as committees to conduct the business of the Conference. All the suggestions were unanimously approved.

Suggested Nominations for Vice Presidents of the Conference

Mr. M. S. Stepanov, the Chairman of the Delegation of the Union of Soviet Socialist Republics;

Mr. Arthur de Souza Costa, the Chairman of the Delegation of Brazil;

Mr. Camille Gutt, the Chairman of the Delegation of Belgium; and

Mr. Leslie G. Melville, the Chairman of the Delegation of Australia.

Suggested Nominations for the Steering Committee

For Chairman of the Committee, the Representative of the United States.

For Members of the Committee, the Representatives of:

Belgium
Brazil
Canada
China
Colombia
French Delegation
Iran
Mexico
Union of Soviet Socialist Republics
United Kingdom

(p. 6)

Suggested Nominations for Commission I—International Monetary Fund

For Chairman, the Representative of the United States.
For Vice Chairman, the Representative of Venezuela.
For Reporting Delegate, the Representative of Canada.

Suggested Nominations for Committees of Commission I

Committee No. 1—Purposes, Policies, and Quotas of the Fund
Chairman: The Representative of China
Reporter: The Representative of Greece

Committee No. 2—Operations of the Fund
Chairman: The Representative of the Union of Soviet Socialist Republics
Reporter: The Representative of the French Delegation

Committee No. 3—Organization and Management
Chairman: The Representative of Brazil
Reporter: The Representative of Czechoslovakia

Committee No. 4—Form and Status of the Fund
Chairman: The Representative of Peru
Reporter: The Representative of Norway

Suggested Nominations for Commission II—Bank for Reconstruction and Development

For Chairman, the Representative of the United Kingdom.
For Vice Chairman, the Representative of Chile.
For Reporting Delegate, the Representative of Belgium.

Suggested Nominations for Committees of Commission II

Committee No. 1—Purposes, Policies, and Capital of the Bank
Chairman: The Representative of the Netherlands
Reporter: The Representative of Costa Rica

(p. 7) Committee No. 2—Operations of the Bank
Chairman: The Representative of Cuba
Reporter: The Representative of Australia

Committee No. 3—Organization and Management
Chairman: The Representative of Colombia
Reporter: The Representative of the Union of South Africa

Committee No. 4—Form and Status of the Bank
Chairman: The Representative of India
Reporter: The Representative of Poland

Suggested Nominations for Commission III—Other Means of International Financial Cooperation

For Chairman, the Representative of Mexico.

For Vice Chairman, the Representative of Egypt.

For Reporting Delegate, the Representative of New Zealand.

The Chairman moved at the conclusion of a short discussion that the suggestions be approved as recommendations to the plenary sessions, and this resolution was unanimously carried.

MR. NASH: Mr. President, may I suggest I move first that this report be received and then move separately the various nominations for the respective bodies as set up by the Committee.

I therefore move that this report be received.

SECRETARY MORGENTHAU: Gentlemen, you have heard the report of the Committee on Nominations which the Chairman has moved to be received. Unless there is objection, the report will be received. Do I hear any objections?

(None.)

(The report was received favorably.)

I recognize the Chairman of the Delegation of New Zealand, Mr. Nash.

(Mr. Nash moved the election of the four Vice Presidents as given in the report of the Committee on Nominations.)

SECRETARY MORGENTHAU: I recognize the Chairman of the Delegation of Luxembourg.

MR. LE GALLAIS: I second the motion presented by my distinguished colleague, the Chairman of the Delegation of New Zealand.

(p. 8) SECRETARY MORGENTHAU: You have heard the motion made and seconded. Do I hear any objections?

(None.)

I hear no objections. All those in favor say "Aye".

(Aye.)

SECRETARY MORGENTHAU: Opposed?

(None.)

The "Ayes" have it.

(The four Vice Presidents were thereupon elected.)

I again recognize the Chairman of the Delegation of New Zealand, Mr. Nash.

(Mr. Nash moved the election of the members of the Steering Committee as given in the report of the Committee on Nominations.)

SECRETARY MORGENTHAU: I recognize the Chairman of the Delegation of Peru.

MR. BELTRÁN: I beg to second the motion of Mr. Nash.

SECRETARY MORGENTHAU: You have heard the motion made and seconded. Do I hear any objections?

(None.)

I hear no objections. All those in favor please say "Aye".

(Aye.)

SECRETARY MORGENTHAU: Opposed?

(None.)

(The members of the Steering Committee were thereupon elected.)

I again recognize the Chairman of the Delegation of New Zealand, Mr. Nash.

(Mr. Nash moved the election of the officers of Commission I and of its relevant committees as given in the report of the Committee on Nominations.)

SECRETARY MORGENTHAU: I recognize the Chairman of the Delegation of Honduras.

MR. CÁCERES: Mr. Chairman, I have the honor to second the motion introduced by the Honorable Delegate of New Zealand proposing the acceptance of the nominations for officers of Commission I. The ability of the officers (p. 9) proposed is so well known that it is not necessary for me to stress their competence. The subject to be studied, the creation of an international stabilization fund, is the backbone of this Conference. There is no doubt that the officers proposed will make every effort to carry the deliberations of Commission I to a successful conclusion.

SECRETARY MORGENTHAU: You have heard the motion made and seconded. Do I hear any objections?

(None.)

I hear no objections. All those in favor please say "Aye".

(Aye.)

SECRETARY MORGENTHAU: Opposed?

(None.)

The "Ayes" have it.

(The officers of Commission I and of its relevant committees were thereupon elected.)

I recognize the Chairman of the Delegation of New Zealand, Mr. Nash.

(Mr. Nash moved the election of the officers of Commission II and of its relevant committees as given in the report of the Committee on Nominations.)

SECRETARY MORGENTHAU: I recognize the Chairman of the Delegation of Iceland.

MR. SIGURDSSON: Mr. President, I hereby second the motion for the election of the proposed Chairman, Vice Chairman, and Reporting Delegate of Commission II, together with the officers of its respective committees.

As everybody present knows, the problems to be dealt with at the conclusion of this war are numerous. Last, but not least, there are the commercial and financial problems which have grown out of the war. The proposals for an erection of a Bank for Reconstruction and Development of the United and Associated Nations, which this Commission will handle, are among the most important problems of this Conference and have been drafted by the most able men. I hope this Commission will succeed in reaching a final decision in these matters, so that the Bank may be established, for commercial and financial benefit, at the conclusion of the war.

SECRETARY MORGENTHAU: You have heard the motion made and seconded. Do I hear any objections?

(None.)

No objections. All those in favor please say "Aye".

(p.10) (Aye.)

SECRETARY MORGENTHAU: Contrary minded?

(None.)

(The officers of Commission II and of its relevant committees were thereupon elected.)

I recognize the Chairman of the Delegation of New Zealand, Mr. Nash.

(Mr. Nash moved the election of the officers of Commission III as given in the report of the Committee on Nominations.)

SECRETARY MORGENTHAU: I recognize the Chairman of the Delegation of Peru.

MR. BELTRÁN: I beg to second the motion for the election of the officers of Commission III.

SECRETARY MORGENTHAU: You have heard the motion made and seconded. Do I hear any objections?

(None.)

I hear no objections. All those in favor please say "Aye".

(Aye.)

SECRETARY MORGENTHAU: Opposed?

(None.)

The "Ayes" have it.

(The officers of Commission III were thereupon elected.)

I recognize the Chairman of the Delegation of Peru.

MR. BELTRÁN: Mr. President, fellow delegates to the Conference,

Tomorrow we will celebrate the national day of this country to whose generous hospitality we all owe the opportunity of being here together in this Conference to study those problems which have worried the world in the past and the solution of which would be of untold benefit to mankind.

On this occasion, on behalf of the Peruvian Delegation, I beg leave to move the following resolution:

RESOLVED,

"In celebration of the 168th anniversary of the Proclamation of Independence of the United States of America, the United Nations Monetary and Financial Conference sends its greetings to the American nation (p. 11) in the person of its illustrious President, Mr. Franklin D. Roosevelt, and expresses its admiration of the heroic efforts which their fighting services, together with those of the other Allies, are making to achieve a quick victory which will make possible a new era of world cooperation for the good of all peoples."

SECRETARY MORGENTHAU: I recognize Senator Tobey, a Member of the United States Delegation, United States Senator from the State of New Hampshire. Senator Tobey will now address the meeting.

SENATOR TOBEY: Mr. President and fellow delegates of the Conference, on behalf of the American Delegation and on behalf of the President of the United States, I express our deep appreciation to the Peruvian Delegation for its sincerely expressed resolution.

One hundred and sixty-eight years ago in this country men of various creeds and from varied walks of life met together with a common objective to establish a free nation. Their high purpose impelled them to cooperate, and there resulted a permanent contribution to the welfare of generations then unborn.

Today men and women of different races and creeds are here assembled together, determined to work out, by mutual cooperation, a plan for a permanent contribution for the benefit of the people of the world.

It is our common aspiration, I believe, that, assembled here among these eternal hills, we shall, under a deep conviction of the needs of humanity, discard trivia and refuse to be turned away from our great purpose to give to the people of the world new hope and courage through the constructive results which we pray may come from this historic Conference.

The specific task assigned to us is to formulate a practical plan for the establishment of a world fund and for the stabilization of exchange. This is our immediate and essential objective.

If we can be successful in achieving this end, we shall be paving the way for the accomplishment of the even more vital objective of a permanent world peace. For, by our successfully working out the immediate problem of the present Conference, we shall have proven to ourselves and to the world that international cooperation is possible.

Every great effort in human history has had its saboteurs, men who utter critic peep and cynic bark. There are some of these around the perimeter of this Conference. But, fellow members of the Conference, we dare not, we cannot fail in the high purpose which brought us together, for today men are dying and homes are saddened for the cause of world freedom. Their sacrifices are a challenge to us here assembled and should stand out in our consciousness as we strive together to work out a plan for world cooperation.

(p. 12) The man in the foxhole has left all that he has loved and cherished behind him. As he faces the shock of enemy fire through long days and nights, he feels alone and apart from the rest of the world. For him, life may be a matter of days, hours, or minutes. He wonders what we who represent governments are doing. Are we conscious of his agonies and sufferings? On us is a grave responsibility. To us is given a high privilege. God, the Father of all, give us understanding and a vision of the needs of men today, of the fundamental truth that, whatever our nationality or creed, we are brothers under the skin.

As we confer together here today, amidst the eternal hills, inspired by the sublime beauty around us, and as the shadows of passing clouds above leave their impress for a moment on the slopes of yonder mountains, may the contemplation of the tragic sufferings and sacrifices of every nation bind us together in brotherly love and in a spirit of consecration to the great opportunity which is ours to displace doubt and cynicism with hope and confidence.

Two thousand years ago Christ was hanged on a cross, a spear thrust in his side, nails driven through his hands, a crown of thorns pressed upon his brow, and a cup of vinegar placed to his lips.

He died that men might be saved, and be, in truth, free.

There are nations represented here today who, too, have had their sides pierced and a crown of thorns pressed upon them by the sufferings of war. They fight with and for us and we with and for them.

If cooperation can weld the United Nations together in solid phalanx against our enemies in war, surely we shall join together to achieve the vital objective of this Conference, meeting the world's needs for the rehabilitation of a war-torn world.

There came into the Senate last May a remarkable personality —Madame Chiang Kai-shek, wife of the Generalissimo of China. She made a ten-minute extemporaneous address. In closing, she eloquently and truthfully said: "Gentlemen, it is fine to have ideals and to give expression to them, but to make our ideals effective, we must implement them."

So may we, by constructive action here, implement our great objective of world cooperation.

In the play "Valley Forge" by Maxwell Anderson, there appear these lines: "There are some men who lift the level of the age they inhabit, until all men stand on higher ground in that lifetime."

(p. 13) Fellow members of the Conference, may that be said in truth of us when we have concluded our labors. To that end I call upon each of you to place your hand with mine upon the lever of the spirit and aspirations that called this Conference into being, and by our united cooperation to lift the level of our age, that its blessings may be passed on to generations yet unborn.

Gentlemen, we must not, we cannot, we dare not fail. The hopes and aspirations of the common people of each of our countries rest in us.

SECRETARY MORGENTHAU: You have heard the motion of the Chairman of the Peruvian Delegation and the very fine address of Senator Tobey. All those who are in sympathy with the motion and the very fine thoughts expressed by Senator Tobey please say "Aye."

(The motion was adopted by acclamation, whereupon the meeting was adjourned.)

Document 69

Report of the Committee on Credentials

July 2, 1944

The Committee appointed by the Temporary President of the United Nations Monetary and Financial Conference to examine the credentials of its participants met under the chairmanship of the Honorable Eduardo I. Montoulieu, Chairman of the Delegation of Cuba, on July 2, 1944, at 9 p.m. The Committee consisted of representatives of Cuba, Liberia, Netherlands, Norway, and Union of South Africa. The credentials of the representatives of the following governments or authorities were examined and found to be in good order: Australia, Belgium, Bolivia, Brazil, Canada, Chile, China, Colombia, Costa Rica, Cuba, Czechoslovakia, Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, French Delegation, 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, Uruguay, Venezuela, and Yugoslavia. The Committee therefore recommends the approval of these credentials and the accordance of full right of participation in the Conference.

The Committee on Credentials also had occasion to read a letter dated June 2, 1944, from the Honorable Cordell Hull, Secretary of State of the United States, to the Honorable Henrik de Kauffmann, Minister of Denmark, inviting him to attend in his personal capacity the inaugural plenary meeting of the Conference. It also had before it the reply of the Danish Minister dated June 3, 1944, accepting this invitation and stating that he would be accompanied to Bretton Woods by an adviser. Inasmuch as no question of credentials was raised by these letters, the Committee agreed to refer their subject matter to the Conference and would be pleased if an invitation could be extended to the Danish Minister to attend further meetings of this Conference, without the privilege of a vote.

The Committee on Credentials also had occasion to read letters dated June 12, 1944 from the Honorable Dean Acheson, Assistant Secretary of State of the United States, to the appropriate officials of the following international organizations inviting each of these organizations to send an observer to the Conference: The International Labor Office, the United Nations Relief and Rehabilitation Administration, the Economic Section of the League of Nations, and the United Nations Interim Commission on Food and Agriculture, in response to which each of these organizations had indicated its desire to send observers pursuant to such invitation. Inasmuch as no question of credentials was raised by this matter, the Committee merely reports it to the Conference with a request that the observers be invited to attend the sessions of the Conference, without the privilege of a vote.

Eduardo I. Montoulieu,
Chairman
Edward G. Miller, Jr.
Secretary

Document 101

(p. 14)

JOURNAL

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

No. 5 Bretton Woods, New Hampshire July 5, 1944

ORDER OF THE DAY

Meetings for Wednesday, July 5

10:30 a.m.	Commission I	Auditorium
4 p.m.	Committee 1 of Commission I	Auditorium
4 p.m.	Committee 3 of Commission I	The Hemicycle
5:30 p.m.	Committee 2 of Commission I	Auditorium
5:30 p.m.	Committee 4 of Commission I	The Hemicycle

(p. 15)

Résumés of Committee Meetings

Committee 1 of Commission I

Purposes, Policies, and Quotas of the Fund

(*July* 4, 10 *a.m.*)

Committee 1 of Commission I held its first meeting at 10 a.m.

on July 4 with Dr. Tsiang (China) in the Chair. The Committee agreed to postpone temporarily discussion of quotas and considered article I of the Preliminary Draft on purposes and policies of the Fund. Considerable discussion took place over section 2, Alternative C, which includes as a purpose "to assist in the fuller utilisation of the resources of economically underdeveloped countries". The sponsors of this alternative explained that this purpose was implicit in the Joint Statement but should be explicitly stated. Other members believed that it was an expansion of the purpose and was more appropriate for the Bank.

(The minutes of this meeting are being distributed separately as document #102.)

(*July* 4, 4 *p.m.*)

The second meeting of Committee 1, Commission I was devoted to a discussion of alternatives to sections 2–6 of article I, which deals with purposes and policies. The wording of Alternative A to section 5 was accepted. Alternatives A and B for sections 2 and 3 were referred to a drafting committee. Alternative D to section 4, which deals with exchange stability, was withdrawn by the member proposing it after discussion of Alternatives B and E. The Committee decided to refer the matter to the drafting committee with the understanding that it would make its report after the provisions regarding changes in par values had been agreed upon. The Committee agreed to postpone consideration of Alternative F, dealing with the correlation of the activities of the Fund with those of other international financial agencies, until the general relations of the Fund with other international organizations had been considered. The sponsors of Alternative G, which deals with abnormal indebtedness arising out of war, emphasized the importance of this question to the countries concerned. The suggestion was made that the matter be referred by Commission I to Commission III.

(The minutes of this meeting are being distributed separately as document #111.)

(p. 16)

Committee 2 of Commission I

Operations of the Fund

(*July* 4, 11:30 *a.m.*)

The first meeting of Committee 2 of Commission I was held on July 4 at 11:30 a.m. The Chairman of Committee 2, N. A. Maletin (U.S.S.R.), was introduced by Mr. White (U.S.A.), Chairman of Commission I. The Chairman was authorized by the

Committee to appoint a Vice Chairman, W. A. Mackintosh (Canada), to assist him in presiding over the meetings of the Committee. The Committee then discussed the Alternatives suggested to article III, sections 1 and 2 of the Joint Statement, as presented on pages 5 and 6 of Document F-1. These sections deal with the agencies through which dealings between the members and the Fund shall take place and the conditions under which a member country is entitled to buy another member's currency from the Fund.

(The minutes of this meeting are being distributed separately as document #104.)

(July 4, 5:30 p.m.)

The second meeting of Committee 2 of Commission I was held on July 4 at 5:30 p.m. The Chairman was authorized to appoint a small committee to consider questions of language. The Committee proceeded with a discussion of article III, sections 2, 3, and 4. These sections deal with the conditions under which a member country is entitled to buy another member's currency from the Fund, the limitation on the operations of the Fund, and the power of the Fund to borrow a member's currency or to offer gold to a member country in exchange for its currency.

(The minutes of this meeting are being distributed separately as document #112.)

Committee 3 of Commission I

Organization and Management of the Fund

(July 4, 10 a.m.)

The first meeting of Committee 3 of Commission I was held on July 4 at 10 a.m. with Dr. de Souza Costa (Brazil) as Chairman. The Committee considered article VII, section 1. Consideration was given to Alternatives A and B to VII-1 (c), and the Committee approved the inclusion of Alternative B in the draft with the exception of the last sentence, which was deleted by general consent.

(The minutes of this meeting are being distributed separately as document #103.)

(p. 17)

(July 4, 4 p.m.)

The Committee on Management accepted the provisions of VII-1 (d) with the understanding that they were supplementary to VII-1 (c). VII-1 (e) was accepted without discussion. The Committee gave extended consideration to Alternatives A and B of VII-2. Questions were raised about the proper functions of the managing director or chairman of the executive directorate. The question of frequency of meetings of the directorate and the allocation of functions between the various boards of the Fund's management were discussed. No action was taken and the entire question remains open for further consideration.

(The minutes of this meeting are being distributed separately as document #113.)

Committee 4 of Commission I

Form and Status of the Fund

(*July* 4, 11:30 *a.m.*)

The first meeting of Committee 4 of Commission I was held on July 4 at 11:30 a.m. The Chairman of Commission I, Mr. White (U.S.A.), introduced the Chairman of the Committee, Mr. Llosa of Peru. The scope of the work of the Committee was discussed.

(The minutes of this meeting are being distributed separately as document #105.)

(p. 18)

List of Documents Issued as of July 4, 1944

Subject	*Symbol No.*
Journal No. 1	J/1
Agenda	A/1
Inaugural Plenary Session	GD/1
Press Release No. 1	PR/1
Press Release No. 2	PR/2
Inaugural Plenary Session (Correction of GD/1)	GD/2
Press Release No. 3	PR/3
Regulations for UNMFC, Draft	C/RR/1
Address by Czechoslovakian Delegate—Press Release No. 4	PR/4
Address by Chinese Delegate—Press Release No. 5	PR/5
Address by Mexican Delegate—Press Release No. 6	PR/6
Address by Brazilian Delegate—Press Release No. 7	PR/7
Address by Canadian Delegate—Press Release No. 8	PR/8
Rules and Regulations Committee, Notice of Meeting, July 1, 1944, 9 p.m.	C/RR/2
Nominating Committee, Notice of Meeting, July 1, 1944, 10 p.m.	C/N/1
Credentials Committee, Notice of Meeting, July 1, 1944, 9 p.m.	C/CR/1
Address by Russian Delegate—Press Release No. 9	PR/9
Rules and Regulations Committee, Notice of Meeting, July 1, 1944, 9 p.m. (Correction of C/RR/2)	C/RR/3
Order of the Day, July 2, 1944	SN/2
Journal No. 2	J/2

Subject	*Symbol No.*
Press Release No. 10	PR/10
Regulations for UNMFC (Revision of C/RR/1) (Final Draft)	C/RR/4
Nominating Committee, Report of Meeting, July 1, 1944, 10 p.m.	C/N/2
Press Release No. 11	PR/11
Order of the Day, July 3, 1944	GD/6
Inaugural Plenary Session	GD/7
Journal No. 3	J/3
Press Release No. 12	PR/12
Special Note on Hotel Registration and Conference Directory..	GD/9
Opening Remarks of Lord Keynes at the First Meeting of the Second Commission	FD/2
Press Release No. 13	PR/13
Press Release No. 14	PR/14
Representation of Delegations on Commissions and Committees, Memorandum from Secretariat to Chairmen of Delegations..	SN/7
Commission I—Committee Assignments	CI/1
Rules and Regulations Committee, Report	C/RR/5
Rules and Regulations Committee, Minutes of Meeting	C/RR/6
Journal No. 4	J/4
Proposal by Mexican Delegation	DP/1
Order of the Day, July 4, 1944	GD/11
Commission I, Minutes of Meeting, July 3, 2 p.m.	CI/M/1
Remarks by Mr. Harry D. White	CI/R/1
Commission II, Minutes of Meeting, July 3, 3:30 p.m.	CII/M/1
Commission III, Minutes of Meeting, July 3, 5 p.m.	CIII/M/1
Second Plenary Session (July 3, 10 a.m.), Minutes	GD/12
Press Release No. 15	PR/15
Credentials Committee, Report	C/CR/2

Document 102

CI/1/M1

Minutes of Meeting of Commission I, Committee 1

Purposes, Policies, and Quotas of the Fund

(*July* 4, 10 *a.m.*)

The Chairman of Commission I, Mr. White (U.S.A.), introduced the Permanent Chairman of Committee 1, Dr. Tsiang (China). Dr. Tsiang introduced the Reporter, Mr. Varvaressos (Greece), and the Secretaries, Mr. Brown and Mr. Young.

Dr. Tsiang said that the procedure would be that whenever there were several alternatives to be considered, those involving substantial changes would be considered first.

It was agreed to postpone temporarily the discussion of quotas until a paper on this subject had been distributed.

The discussion then turned to article I, section 1. Alternative A, section 1, was rejected by the Committee.

It was moved that in order to expedite matters, a drafting committee be appointed and that sections involving no substantial change be referred to such committee by the Chair with the approval in each case of the full Committee. This motion was carried.

The Chair then brought up section 2, Alternative C, in which appear the following words: "to assist in the fuller utilisation of the resources of economically underdeveloped countries". Considerable discussion took place as to whether this purpose was an appropriate one for the Fund or whether it did not belong in the purposes of the Bank.

The purpose of the alternative was explained to the Committee as making explicit an objective which was implicit in the references in the Joint Statement to the expansion of trade. The wording of the provision of the Joint Statement which speaks of the maintenance of high levels of employment and real income was thought by the proposers of Alternative C to stress unduly the position of highly industrialized countries. In discussion there developed a consensus that the attainment and promotion of high levels of real income and employment, as well as their maintenance, once attained, was intended to be included among the purposes and that the addition of the appropriate words to that effect would be desirable. The main discussion of the amendment turned on the question of whether as worded it did not broaden the purposes of the Fund to include objectives which were appropriately those of the Bank. A number of suggestions for alternative language were suggested in the course of discussion.

The Chairman, at the conclusion of the discussion, referred Alternative C to the drafting committee upon the understanding that the intent of the amendment was not to enlarge the meaning of the purposes as they are stated in the Joint Statement but merely to make the stated purposes more explicit.

Document 103

CI/3/M1

Minutes of Meeting of Commission I, Committee 3

Organization and Management of the Fund

(*July* 4, 10 *a.m.*)

The Committee was organized with the introduction of the

Chairman, Dr. de Souza Costa (Brazil), the Reporter, Dr. Hexner (Czechoslovakia), and the Secretaries, Messrs. Bryan and Bittermann.

The text of VII-1 (a) (Alternative A) was accepted by the Committee with the suggestion that the words "all powers" be substituted for the word "administration" since the latter word has too restricted a meaning in Spanish.

The Committee next considered VII-1 (b). After an exchange of views about the delegation of powers, the text of Alternative A met with general approval.

Alternatives A and B of VII-1 (c) were discussed. The view was expressed that Alternative A did not give adequate opportunity to the small countries to protect their interests by asking for special meetings of the Board of Governors. After full consideration, the Committee generally agreed to the incorporation into the draft of Alternative B with the exception of the last sentence. As agreed, VII-1 (c) therefore would provide that special meetings of the Board of Governors could be called on the initiative of five countries or of countries having 25 percent of the quotas.

Document 104

CI/2/M1

Minutes of Meeting of Commission I, Committee 2

Operation of the Fund

(*July* 4, 1944, 11:30 *a.m.*)

The first meeting of Committee 2 of Commission I was called to order by Harry D. White (U.S.A.), who introduced the Chairman of Committee 2, N. A. Maletin (U.S.S.R.). The Chairman of the Committee introduced the Reporter, Robert Mosse (French Delegation), the Secretary, Karl Bopp, and the Assistant Secretary, Miss Alice Bourneuf. (The Secretaries will be available in room 158 for assistance to the members of the Committee.)

The Chairman asked permission of the Committee to appoint a Vice Chairman to assist him in presiding over the Committee. This request was granted, and the Chairman appointed W. A. Mackintosh (Canada) as Vice Chairman, who presided during the remainder of the meeting.

The Vice Chairman indicated that the Committee would begin with a discussion of matters relating to article III of the Joint Statement beginning on page 5 of Document F-1.

749013—48—9

On article III-1, Alternative A was reserved for later discussion. On article III-2, paragraph (1) of Alternative A was passed over without discussion and paragraph (2) was reserved for later discussion.

There was considerable discussion on III-2 (3) with respect to Alternatives A, B, and D. Some delegates felt that Alternative B would be most likely to meet the needs of those countries that have wide variations in their balance of payments positions. Others felt that the waiver provision in Alternative A would permit adequate flexibility to handle the needs of such countries and would also more adequately protect the Fund. Those who supported Alternative B held that the waiver provision was inadequate in view of the fact that the member countries would have no assurance that the waiver would be granted.

There was discussion also as to the relative merits of the "carry-over" provision suggested in Alternative D and section 2 (3) of Alternative A. Those who favored Alternative D felt that Alternative A might induce member countries to resort to the Fund when it was not necessary, while Alternative D would assure countries of more ample assistance from the Fund in times of need. Those who favored section 2 (3) of Alternative A felt that the Fund must have assurance that it will always be able to provide resources when needed and that if Alternative D were adopted it might be impossible to avoid continuous exercise of discretion by the Fund over the sale of exchange.

Document 105

C1/4/M1

Minutes of Meeting of Commission I. Committee 4

Form and Status of the Fund

(July 4, 1944, 11:30 a.m.)

The first meeting of Commission I, Committee 4 was held on July 4 at 11:30 a.m. The Chairman of Commission I, Mr. White (USA), introduced the Chairman of the Committee, Mr. Llosa (Peru), who in turn introduced the Committee Reporter, Mr. Keilhau (Norway) and the Secretaries of the Committee, Mr. Fuqua and Colonel Dyson. (The Secretaries will be available in room 162 for assistance to members of the Committee.)

After expressing appreciation on behalf of his country, the

Chairman explained that a document indicating the parts of the preliminary draft of the agreement within the scope of the Committee had just been distributed and suggested that it would be advisable to delay discussion until the next meeting. He also suggested that the next meeting be held the following morning. There was no objection to these suggestions.

The Chairman stated that it appeared that the following sections of the preliminary draft fall within the scope of the Committee's activities: Article IX, sections 5, 6, and 7; article XI; article XII, sections 1, 2, and 3; article XIII, sections 1, 2, 3, and 4; and article XIV.

Document 107

(p. 6d) SA/1/1

Alternative E[1]

(Add as an additional section after Joint Statement III, 2)

Apart from the facilities provided under Art. III Section 2 of the Joint Statement, a silver-hoarding member country shall be entitled to buy from the Fund another member's currency in exchange for its own currency, in an amount not exceeding 80 percent of the gold value of that country's silver hoardings, which will be assigned to the Fund as collateral guaranty.

7/4/44 J.S. Art. III
Additional Section

Document 108

(p. 18a) SA/1/2

Alternative B

A uniform change in the gold value of member currencies may be made provided that a majority of countries, voting as countries, so decide, including in that majority those countries having 10 percent or more of the aggregate quotas.

7/4/44 J.S. Art. IV
Sec. 5

[1] For Preliminary Draft of Suggested Articles of Agreement for the Establishment of an International Monetary Fund, to which this and following SA/1 alternative texts refer, see Doc. 32, p. 21.—*Editor.*

Document 109

(p. 1d) SA/1/3

Alternative H

(Add as a new Subdivision)

To promote the multilateral settlement of foreign credit balances accumulated during the war.

7/4/44 J.S. Art. I

Document 110

(p. 11b) SA/1/4

Alternative E

(Substitute for Joint Statement III, 7 (b))

If, at the end of the Fund's financial year, a member's holding of gold and gold convertible exchange exceeds its quota, the Fund shall require that half of the net increase of its holdings in that member's currency during that year shall be repurchased by that member with gold or gold convertible exchange, *but only if and inasmuch as the Fund's holdings at that moment exceed the member's quota.*

7/4/44 J.S. Art. III Sec. 7

Document 111

CI/1/M2

Minutes of Meeting of Commission I, Committee 1

Purposes, Policies, and Quotas of the Fund

July 4, 1944, 4 *p.m.*

The second meeting of the Committee was devoted to a discussion of the various alternatives proposed for sections 2–6 of article 1 of the preliminary Draft Articles of Agreement, and to additional alternatives suggested in the course of the discussion.

The wording of Alternative A, section 5, was agreed to by the Committee.

Alternatives A and B for sections 2 and 3 were referred to the drafting committee after brief discussion.

The various alternatives to section 4 were discussed at length and the purposes of the sponsors of Alternatives B and E on this section were developed. In this discussion Alternative D was withdrawn by the member proposing it.

In view of the fundamental importance of the wording of the section dealing with exchange stability (section 4), the Committee agreed not to express a choice between these alternatives by a vote. It further agreed that the wording of this section of article I should be in harmony with the balance of the document and especially with the sections dealing with changes in par values. The alternatives on section 4, article I were therefore referred to the drafting committee on the understanding that it would take into account the various views expressed but would not make its report until a later stage when the provisions of the plan regarding par values were agreed upon.

The Committee then considered the additional subdivision proposed for correlation of the activities of the Fund with those of the Bank (Alternative F). It was stated that a proposal would be brought forward in another part of the plan dealing with the general relations of the Fund with other international organizations. The proposer of Alternative F agreed to postpone consideration of that alternative until the new provisions were made available and agreed upon.

The Committee then considered Alternative G which would include among the purposes of the Fund "to promote and facilitate settlement of abnormal indebtedness arising out of war". The sponsors of this proposal noted that some provision for dealing with these balances had been included in an earlier version of the plan but had been omitted in subsequent drafts. They stressed the vital importance of the problem for the countries directly concerned, and indicated that it was difficult to justify the complete exclusion of the subject from any scheme of post-war international monetary cooperation.

The dangers and difficulties of burdening the Fund from the outset with the immense problem of settlement of balances accumulated in war time was brought out in the discussion. The suggestion was made that the Committee might refer the matter to Commission I with the suggestion that it might be referred by that Commission to Commission III, which deals with "Other Means of International Financial Cooperation" outside the Fund. The view was also expressed that the matter should be dealt with by negotiations between debtor and creditors and not by this Conference.

(p. 2) The Chairman announced at the close of the meeting that the drafting committee of Committee 1 would be made up of delegates from Australia, Brazil, Czechoslovakia, the United Kingdom, and the United States, and that the Reporting Member and the Secretary should have the right to be present at its meetings. He further stated that if any proposal referred to the drafting committee was of especial interest to any delegation, that delegation should be represented when the proposal was being discussed.

Document 112

CI/2/M2

Minutes of Meeting of Commission I, Committee 2

Operations of the Fund

(*July* 4, 1944, 5:30 *p.m.*)

The second meeting of Committee 2 of Commission I was held on July 4 at 5:30 p.m. The Chairman announced that the Chairmen of all the delegations had agreed that there would be no formal voting in the Committees. It was agreed that questions of wording and language would be referred to a small committee to be appointed by the Chairman, and that in the case of lack of agreement on important questions the lack of agreement would be reported to the Commission.

The Committee continued its discussion of article III, Transactions With the Fund.

In answer to a question by one of the delegates, it was explained that the wording of section 2 (1) of Alternative A (page 6a of SA/1) is intended to indicate that the representation of a member country will be accepted by the Fund except in cases of obviously false representation.

Section 2 (4) of Alternative A (page 6a) was approved by the Committee and also the remaining sentences of section 2 (page 6a).

The Committee approved section 2a of Alternative A (pages 6a and 6b), but it was suggested that this clause should be inserted in another part of the draft.

Section 3 of Alternative A (page 6b) was approved by the

Committee. It was suggested that the words "and policies" be deleted from the second line of section 3.

The Committee accepted the withdrawal of Alternative C (page 6c).

The Committee approved Alternative A (page 7).

There was some discussion of Alternative A (page 8). It was pointed out that the language of Alternative A (1) was not clear, and the Committee agreed to refer this paragraph to the small committee to be appointed by the Chairman. The Committee discussed very briefly paragraph (2) of Alternative A (page 8) and also Alternative B (page 8). It was decided to continue the discussion of these provisions at the next meeting of the Committee.

Document 113

CI/3/M2

Minutes of Meeting of Commission I, Committee 3

Organization and Management of the Fund

(July 4, 1944, 4 p.m.)

At its second meeting, held on July 4 at 4 p.m., the Committee continued discussion of article VII, Management of the Fund.

It was agreed that the provisions of VII-1 (d) are supplementary to VII-1 (c), and, on this understanding, the provision was accepted. The meeting agreed to VII-1 (e) without discussion.

Consideration was then given to VII-2 (a). Some members favored postponement of the discussion of this section until the quotas shall have been determined. Others suggested that the principles of the quotas were known so that discussion of this section could profitably be undertaken at once. Proposals were made to increase the Board of Governors from 12 to 15 and to refer the matter to a proper subcommittee. No action was taken on these proposals. Discussion of Alternatives A and B followed. It was stated that Alternative A proposed to vest the powers of the Fund on most matters except those specially reserved to a small body which could be in continuous session and so could transact business expeditiously as is required under other clauses of the draft. The voting method permitted the formation of groups for the election of members and so made possible representation on a geographical basis or on the basis of similarity of economic interests irrespective of areas. The proposal was consistent with VII-2 of the Joint Statement, which provided that voting in the Board of Governors and in the Executive Directorate was to be roughly proportional to the quotas.

On the other hand, in the opinion of some of the delegates present, the importance of voting might be overemphasized, since the principal function of the Fund would be consultative. For this purpose, periodic meetings would be sufficient, whereas continuous meeting might result in excessive activity on the part of the management of the Fund. In opposition to this view, it was stated that agreement and unanimity would be desirable but might not always be possible. The consultative function of the Fund was not to be minimized but, in the absence of complete agreement, voting might be necessary. It was also suggested that a monthly meeting of the Directors would not be adequate unless in practice many of the functions of the Executive Directorate were delegated to the managers.

In the argument in favor of Alternative B, it was suggested that the routine powers of the Executive Directors would in many cases be delegated to a permanent official, who need not be a member of the Board and so might be selected for reasons other than the considerations involved in selection by governments direct. Furthermore, the Chairman could call meetings of the Directors in advance of crises which could be anticipated. In general, the argument emphasized the consultative functions of the Executive Directors rather than their direct administrative responsibility. There was no consensus of views on this question at the meeting and discussion will be continued.

Document 116

DP/2

Mexican Delegation

Proposal on Silver

WHEREAS in order to attain a large measure of international monetary cooperation, the Monetary Fund must take into account the monetary habits, needs and practices of all the member countries;

WHEREAS there are countries among the United and Associated Nations which, besides keeping a gold reserve sufficient to guarantee the convertibility of their currencies, are compelled to invest heavily in silver stocks in order to provide their respective populations with costly silver coins, thereby meeting traditional unavoidable hoarding requirements;

WHEREAS these hoardings actually constitute an additional and burdensome monetary reserve which operates in the same manner as gold and foreign exchange reserves for regulating the value of those countries' respective currencies in terms of other currencies;

WHEREAS there are definite international monetary consequences from the increase of silver stocks of those countries in the ascending phase of the trade cycle, and their decrease during periods of depression;

WHEREAS it is obviously unfair that countries with lesser economic strength, as are all of the silver-hoarding countries, be forced to bear an excessive monetary burden, in order to comply fully with the obligations derived from their participation in the Fund;

WHEREAS in order to settle their unfavorable balances, silver-hoarding countries from time to time are compelled to sell part of their silver stocks in the world markets, thereby forcing silver prices down to their own detriment and that of the other silver-hoarding countries;

(p. 2) THE MEXICAN DELEGATION submits to this Monetary Conference that the following provision be added to Art. III of the final Draft Agreement relative to the Fund:

Apart from the facilities provided under Art. III Section 2 of the Joint Statement, a silver-hoarding member country shall be entitled to buy from the Fund another member's currency in exchange for its own currency, in an amount not exceeding 80% of the gold value of that country's silver hoardings, which will be assigned to the Fund as collateral guaranty.

Document 117

DP/3

Memorandum

Submitted by the Egyptian Delegation
Requesting Certain Additions to Joint
Statement I "Purposes and Policies of the Fund"

As a country owning large foreign exchange assets, Egypt is naturally concerned how best to achieve the ready transference of those assets into goods and services.

This legitimate expectation was reflected in a resolution unanimously passed by the Middle East Financial Conference held in Cairo last April which read as follows:—

"The conference shares in the hope that it will become possible for foreign credit to be readily transferable into goods from any source."

What is important from the standpoint of countries which have accumulated large foreign assets, is that such countries should be able to liquidate those assets fairly readily after the War at something like their present value.

The Egyptian Delegation therefore proposes to move the inclusion under "purposes and policies of the Fund" of a clause to the following effect:—

"To promote the multilateral settlement of foreign credit balances accumulated during the War."

Document 118

DP/4

Mexican Delegation

Proposal on Voting a Uniform Change in the Gold Value of Member Currencies.

WHEREAS a uniform change in the gold value of member currencies is one of the most important and far-reaching decisions that the Fund will be authorized to take under the proposed provisions;

WHEREAS Art. IV-5 of the draft states that such a decision can be taken by a majority of quota votes, provided every member country having 10% or more of the aggregate quotas approves;

WHEREAS a majority of quota votes may be constituted by a very small number of member countries, and therefore the will of the largest number of countries might not even be indicated in that majority;

WHEREAS such procedure is inequitable and unwarranted and constitutes one of the provisions of the draft which is most vulnerable to public criticism, when the final document is submitted for ratification by the different member countries,

THE MEXICAN DELEGATION submits to the consideration of this Monetary Conference the following amended draft of Art. IV-5:

A uniform change in the gold value of member currencies may be made provided that a majority of countries, voting as countries, so decide, including in that majority those countries having 10% or more of the aggregate quotas.

Document 120

(p. 41) SA/1/5

Joint Statement—No Provisions

The following material has been suggested as an addition to Article IX:

Alternative A

Section 5. *Immunities of the Fund.*

(a) The Fund shall be immune from suit except when it consents to be sued.

(b) The Fund and its assets of whatsoever nature shall, wheresoever located and by whomsoever held, be exempt and immune from search, seizure, attachment, execution, requisition, confiscation, moratorium and expropriation, whether under judicial process or otherwise, in the territory of any member.

(c) All governors, executive directors, officers and employees of the Fund shall, with respect to their official acts, be exempt from suit except when the Fund consents.

(d) The archives of the Fund shall be inviolable.

NOTE. There are certain other minor privileges or immunities which will also be required such as courier facilities. A further document will be issued completing this section in this respect.

7/5/44 J.S. Art. IX
Additional Sec. (5)

Document 121

(p. 43) SA/1/6

Joint Statement—No Provisions

The following material has been suggested as an addition to Article IX:

Alternative A

Section 7. *Restrictions on Taxation of Fund, its Employees and Obligations.*

(a) The Fund shall be exempt and immune from all taxation or liability for the collection or payment of any tax, including without limitation by reason of this enumeration, excises, duties, and imposts, imposed by any member or any political subdivision or taxing authority thereof, in respect of its assets, property, income, activities, operations and transactions of whatsoever nature.

(b) No member, or any political subdivision or taxing authority thereof shall impose or collect any tax on or measured by salaries paid by the Fund to its Executive Directors, officials and employees who are not citizens of such member.

(c) No member, or any political subdivision or taxing authority thereof, shall impose or collect any taxation on any obligation or security issued by the Fund or any dividend or interest thereon, by whomsoever held or received, which discriminates against such obligation, dividend, or interest, because of its origin, or which is applicable with respect to such obligation, security, dividend, or interest solely because of the place or currency in which it is issued, made payable or paid, or solely because of the location of any office or place of business maintained by the Fund.

7/5/44

J.S. Art. IX
Additional Sec. (7)

Document 122

CI/1/DC1

Report of the Drafting Committee of Committee 1 of Commission I on Matters Referred to It at the Meeting of Committee 1 on July 4

The Drafting Subcommittee met on July 5 to consider the matters referred to it by the Full Committee.

The following members were present: Mr. Goldenweiser Chairman, Dr. Tsiang, Dr. Gudin, Mr. Mladek, Mr. Melville, Professor Robbins and Mr. Varvaressos.

The Committee considered Alternatives A, B and C relating to Section 2 of Article I in the Preliminary Draft Articles of Agreement (Document F-1) and also considered alternative language submitted by the Colombian, New Zealand, and French delegations bearing on this Section. The drafting committee recommends for the consideration of the full committee the following language:

Article I, Section 2

"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 to the development of the sources of productive power in all member countries as primary objectives of economic policy."

In recommending this new formulation the drafting committee wishes to report that the representatives of the Indian delegation who were present during the discussion expressed themselves as regarding the language as an improvement from their point of view but as not completely meeting their wishes on the point.

The representative of the Australian delegation also agreed that the new language was an improvement but stated that its suitability from the point of view of his delegation was partly dependent upon the language to be adopted under Article III, paragraphs 2, sections (a) and (d) of the Joint Statement, which deal with the conditions under which a member is entitled to buy another member's currency from the Fund in exchange for its own currency.

The drafting committee therefore recommends that if the new wording it suggests is adopted by the Committee, the attention of Committee 2 shall be drawn to the position of the Australian delegation on this matter.

The drafting committee wishes also to report that the suggestion was made in its discussions that many of the difficulties encountered in the drafting of the language of Article I, Section 2 might be overcome if there were a suitable general preamble to the final document of the Conference, in which the basic economic objectives of all its work, both Fund and Bank, are clearly stated.

(p. 2) The drafting committee recommends the following language for Article I, Section 3:

"To give confidence to member countries 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."

In accordance with its instructions, the drafting committee deferred consideration of Article I, Section 4.

The drafting committee considered Alternatives A and B of Article I, Section 6 and recommends to the Committee the following language:

"In accordance with the above objectives, to shorten the periods and lessen the degree of disequilibrium in the international balances of payments of member countries."

The drafting committee calls the attention of the Committee to the words at the end of Article I, Alternative A, which read:

> "The Fund shall be guided in all its decisions by the purposes set forth above."

The drafting committee recommends that the whole Committee approve the inclusion of this language at the end of Article I.

Document 124

(p. 36) SA/1/7

JOINT STATEMENT VIII, 2 & 3

2. The reciprocal obligations of the Fund and the country are to be liquidated within a reasonable time.

3. After a member country has given notice in writing of its withdrawal from the Fund, the Fund may not dispose of its holdings of the country's currency except in accordance with the arrangements made under 2, above. After a country has given notice of withdrawal, its use of the resources of the Fund is subject to the approval of the Fund.

Alternative A

Section 3. *Settlement of Accounts with Governments Ceasing to be Members.*

(a) When a government ceases to be a member in any of the cases referred to in sections———above, settlement of all accounts between the Fund and such government shall be made with reasonable dispatch by agreement between the Fund and the government. The Fund shall not engage in any transactions in the currency of such country except in accordance with this Section.

(b) The Fund shall be obligated to pay to such government an amount equal to its quota, plus any other amounts due to it from the Fund, less any amounts due to the Fund from such government, including charges accruing after the government ceases to be a member; but no payment shall be made prior to six months from the date when such government ceases to be a member. Payments shall be made in the currency of that country.

(c) If the Fund's holdings of the currency of such country are not sufficient to pay the net amounts due from the Fund, the balance shall be paid in gold, or in a manner to be agreed between the Fund and such government. If the Fund and the government have not reached agreement within six months from the date of withdrawal, the currency of that country held by the Fund shall immediately be paid to the government. The balance shall be paid in 12 quarterly installments during the following 3 years. Each such installment shall be paid in the currency of the country acquired by the Fund since the date of withdrawal or by the delivery of gold.

7/5/44 J.S. Art. VIII Sec. 2 & 3

(p. 36a) (d) If the Fund fails to meet any payment due in accordance with the preceding paragraphs, the government shall be entitled to acquire from the Fund against the amount then due to it from the Fund the currency of any member held by the Fund, which has not been declared scarce under Article VI, Section 2 (J.S. VI, 2).

(3) If the Fund's holdings of the currency of such country exceed the amount due to such government, and the Fund and the government do not reach agreement on the method of settling their accounts within six months from the date of withdrawal, settlement shall be made as provided in this and the following paragraphs. The government shall be obligated to redeem such excess currency in gold or in the currencies of members which at the time of actual redemption are convertible under Article III, Section 6 (J.S. III, 5) within three years from the date of withdrawal or such longer period as may be fixed by the Fund. Such redemption shall not be effected at a rate in any quarterly period greater than one-twelfth of the Fund's excess holdings at the date of withdrawal of the currency to be redeemed plus current accruals of such currency during such quarterly period. If the Government fails to redeem such excess currency in this manner, the Fund may liquidate in any market that currency at the same rate in an orderly manner. The withdrawing government unconditionally guarantees at all times the unrestricted use of such currency for the purchase of goods or for the payment of other sums due to it or to its nationals. Further, the withdrawing government shall indemnify the Fund against any loss resulting from exchange depreciation until such currency has been used or redeemed.

(f) Any member desiring to obtain the currency of a former member shall acquire the currency by purchase from the Fund, to the extent that such member has access to the resources of the Fund and such currency is available under the preceding paragraph.

(g) In the event of the Fund going into liquidation under . . . within six months of the date upon which any government ceases to be a member, all rights and obligations of such government shall be determined in accordance with the provisions governing liquidation instead of the provisions of this section.

7/5/44

J.S. Art. VIII
Sec. 2 & 3

Document 125

CI/1/RP/1

Report of Committee 1 on Purposes, Policies, and Quotas of the Fund to Commission I

(*July* 5, 1944, 10:30 *a.m.*)

MR. VARVARESSOS:

Mr. Chairman, your Committee I on Purposes, Policies, and Quotas of the Fund held two meetings on July 4; the first at 10:00 A.M. and the second at 4:00 P.M.

A document (Doc. #51) containing the Committee assignments had been distributed to the Members of the Committee at its first meeting. In determining the objects which should come within its jurisdiction the Committee had been guided by the suggestions contained in the document.

With regard to the procedure to be followed, the Chairman proposed and the Committee accepted that whenever there were several alternatives to be considered, those involving substantial changes of the provisions of the Joint Statement would be considered first.

On the other hand, it has been moved and accepted by the Committee that, in order to expedite matters, a small drafting subcommittee be appointed and that alternatives involving no substantial changes of the Joint Statement provisions be referred to this Committee by the Chairman with the approval in each case of the Committee.

A subcommittee has been accordingly constituted to that effect.

At the beginning of the first meeting it was suggested that the principal question which comes within the jurisdiction of the Committee is the question of the determination of the quotas of member countries referred to in Article II, section 7, of the Joint Statement. It was argued that this question was of the highest importance to the member countries and that a procedure ought to be established for determining such quotas. The Committee, being in the meantime informed that a paper referring to this subject was being prepared for distribution to its members, has decided to postpone temporarily the discussion of quotas until such paper has been distributed.

During the further discussions of the specific subjects of the Committee, it was suggested that it would be desirable in so far as possible to eliminate voting and that, where a fundamental difference of opinion was evident and a rapprochement of the different views was unattainable, the Chairman, with the consent of the Committee, would refer the matter to your Commission with a record of the different opinions represented.

(p. 2) The Committee then proceeded to the discussion of Article I of the Joint Statement referring to the purposes and policies of the Fund and of the numerous alternatives submitted by members.

The Committee has not been able to make substantial progress in arriving at an agreement in the first day of its meetings.

Three subjects involving questions of principle have been reviewed, which absorbed the time allowed for the two meetings. The first of these three subjects was Alternative C, section 2, of Article I. The purpose of this Alternative, which was explained to the Committee, was to state explicitly that one of the purposes of the Fund was "to assist in the fuller utilization of the resources of economically underdeveloped countries and to contribute thereby to the maintenance in the world as a whole of a high level of employment and real income . . ." It was thought by the proposer that the wording of section 2 as it stands now was stressing unduly the position of highly industrialized countries while it made no reference to underdeveloped agricultural countries. Alternative C has been seconded by several members while others expressed very serious doubts on the advisability of adopting a wording which would be interpreted as enlarging the purposes of the Fund in a way which was out of proportion with the means at its disposal and attributing to it objectives which were appropriately those of the Bank for Reconstruction and Development.

In discussion, however, there developed a consensus that the *attainment* of a high level of employment and real income as well as their *maintenance* was intended to be included among the purposes and that the addition of appropriate words to that effect would be desirable.

At the conclusion of the discussion, the Chairman referred Alternative C to the drafting committee upon the understanding

749013—48—10

that the intent of the amendment was not to enlarge the purposes of the Fund but merely to make them more explicit.

The second subject involving a question of principle was Alternatives B, D and E of Article I, section 4, which relates to exchange stability. The discussion on these Alternatives revealed that the wording of this section of the purposes and policies of the Fund was closely connected with Article IV of the Joint Statement dealing with par values of member countries and providing for changes in these par values.

(p. 3) It has been accordingly decided that the subject be referred to the drafting committee on the understanding that it would not make its report until a later stage when the provisions of Article IV of the plan have been agreed upon.

The third subject was Alternative G, which should include among the purposes of the the Fund "to promote and facilitate the settlement of abnormal indebtedness arising out of war." The sponsors of the proposal stressed the vital importance of the problem for the countries directly concerned, and indicated the necessity of including the subject in a scheme of postwar international monetary cooperation. In the discussion the dangers and difficulties of burdening the Fund with the immense problem of settlement of balances accumulated in wartime was emphasized. It has been suggested that the Committee should refer the matter to your Commission.

Other Alternatives to the sections of Article I of the Joint Statement which do not involve substantial changes have been referred by the Committee to the drafting subcommittee which will report to the Committee in due time.

Document 126

CI/3/RP1

Report of Committee 3 on Organization and Management of the Fund to Commission I

July 5, 1944, 10:30 *a.m.*

MR. HEXNER: Committee 3 of Commission I on the Organization and Management of the Fund held two meetings on July 4. Although no general discussion in the formal sense took place, there became crystalized one or two fundamental principles. The most important was that what may be called economic statesmanship should prevail in the management. Although it was clear that consultation will be the principal means of cooperation, the Committee realized that the management of the Fund has to be prepared to deal with possible or potential conflicts of interest which ultimately may have to be voted upon. There was no doubt that in the management of the Fund large countries should have stronger representation and certain privileges, and also no disagreement was expressed about the implementing of the organization to give adequate protection to small countries.

The discussion was based on the draft presented to the Committee as a part of Document F-1. The Committee discussed Article VII, 1 and 2 of the Joint Statement. It was envisaged that there will be an agency called "Board of Governors" consisting of the representatives of all of the member countries. These representatives serve at the pleasure of their governments and can be recalled and replaced at the discretion of the member countries. The same relates to their alternates, who may participate in the meetings. All powers, in so far as they are not specifically assigned to other agencies, are concentrated in the Board of Governors. It was agreed that this agency may delegate its powers to other agencies within the Fund provided such delegation is not excluded expressly by the Statutes of the Fund. Meetings of this Board shall be convened whenever requested by members representing one quarter of the aggregate votes or by five member countries. The Committee did not accept the provision of the draft that annual meetings shall not be held in the same country more than once in five years. Thus no limitation was placed in this regard on the management. The Board of Governors will have a chairman; however, no particular discussion took place about the powers of this presiding officer. It was assumed that the voting in the Board of Governors will be conducted according to quotas unless otherwise provided for. There was general agreement about those items which the Board of Governors cannot delegate to other agencies.

The discussion concerning the jurisdiction and election of agencies other than the Board of Governors and its chairman was not finished. The opinions were not even crystalized on the the point whether a fruitful discussion on the structure of the Executive Committee may take place before the quotas are agreed upon.

It may perhaps be wise to indicate some differences of opinion concerning the structure and jurisdiction of the Executive Committee as contained in Alternatives A and B to VII, 2.

According to both Alternatives the Executive Committee has to consist of representatives of a certain number of major (p. 2) countries, which are individually represented in this body. Another group of members in the Executive Committee is represented by elected representatives. There is a difference of views whether the members of the Executive Committee have to be necessarily members of the Board of Governors or not. Furthermore, no clarity exists as to whether the members of the Executive Committee serve at the pleasure of their governments or not. No agreement was reached whether the members of the Executive Committee, who are elected, should be individual persons or countries. One of the main points at issue was whether the Executive Committee should be in permanent session during the first three years or whether it should operate according to expediency. No agreement was reached concerning the functions of the Executive Committee. One alternative focused the powers on the Committee as a corporate body, the other on its chairman. One alternative made the managing director the chairman of the Committee, the other provided for a specific chairman with extensive powers.

The Committee will consider in its afternoon meeting whether a subcommittee should be established to discuss the procedure for the election of the Executive Committee.

There was a visible trend in the discussion to create a framework which may make it possible to manage the Fund in the spirit of the ideas on which the Fund—according to the purposes expressed in the Joint Statement—ought to rest.

Document 127

CI/4/RP1

Report of Committee 4 on Form and Status of the Fund to Commission I

July 5, 1944, 10:30 *a.m.*

MR. KEILHAU: After the opening remarks of the Chairman at the first meeting of Committee 4 of Commission I on July 4, he announced that the material to be used by the Committee would not be available for distribution until the afternoon. Because of this, discussion was postponed until the regular afternoon meeting scheduled for July 5. There is nothing further to report.

Document 128

CI/2/RP1

Report of Committee 2 on Operations of the Fund to Commission I

July 5, 1944—10:30 a.m.

MR. MOSSE: I am reporting to you on the work of Committee No. 2 of Commission I, which deals with the *Operations of the Fund.* I shall cover both the morning and the afternoon meetings held on July 4. I shall keep the following order:

1. I shall offer some remarks on the procedure of our Committee,
2. I shall enumerate the items which have obtained a general agreement,
3. Finally I shall report to you more fully about one point on which wide differences of opinion have appeared.

Concerning the procedure, it had been generally accepted that committees should not take a formal vote but that they should try to iron out differences of opinion.

In order to do so, the committee authorized the Chairman to appoint a small *asterisk committee*—so called because it will study the texts which are marked with an asterisk in document F-1. This asterisk committee will be limited to questions which do not involve wide differences and are chiefly questions of language.

Committee 2 also decided that the Chairman should invite objections; when no objection is made the Chairman shall declare that there is a general agreement and the reporting delegate shall so report to the committee. However, any delegate may go on record for any opinion, if it so desires, and this will be reported by the reporting delegate.

When there are wide differences of opinion, the reporter will so report to the Commission. But the Chairman stated that it will always welcome suggestions from the floor designed to adjust differences. Any delegate may suggest devices which might serve to reconcile conflicting views—for instance, an *ad hoc* committee or unofficial conversations among delegates. So much for the question of procedure.

(p. 2) I am now glad to report that Committee No. 2 has covered Article III, 1, 2, 3. If you refer to Document #51 on committee assignments, the Committee has covered section 1, section 2, section 2A, section 3, section 4 and, in part, section 5. With the exception of one question, there has been general agreement on substance on all questions. I shall name them in order, according to Document #32. May I invite you, gentlemen, to take document 32, or F1, page 5.

On page 5, with reference to Joint Statement III, 1, there has been general agreement on alternative A with, however, a suggestion for the lawyers to insure harmony between this alternative A and alternative A, section 5, on page 8, concerning borrowing by the Fund from any other source. The minutes of the meeting of Committee 2 of Commission I at 11:30 A.M. on July 4 (Document #104) should be corrected accordingly to include this suggestion.

Section 2, page 6A, alternative A has been accepted by common agreement with the exception of paragraph 2, which was reserved for later discussion, and of paragraph 3, upon which I shall speak later. Now, although there was general agreement on the wording, I am not sure that there is agreement on the interpretation; some countries believe that buying is a right while others believe that a certain amount of elbow room is left to the Fund.

There has been general agreement on section 2A, on Conditions Governing Purchases for Capital Transfers. But an important question was raised by the delegates of Greece and Czechoslovakia. They asked whether the country of which the currency is requested for capital transfer is obliged to accept imports of capital. Let me take an illustration of this point. Under certain conditions, which have been fully agreed and understood by the members of the Committee, Canada might purchase drachmas in order to make capital investments in Greece. Normally, Greece is required to accept drachmas for current payments, but is she obliged to accept them for capital investments in Greece by Canadian interests? The delegates of Canada gave the answer that any country could refuse imports of capital. In other words, the consent of the nation of which the currency is purchased, will be required in practice. This answer was deemed satisfactory, and it is with this implication that the section has been generally accepted.

Section 3, page 6b, concerning ineligibility of members to use the resources of the Fund has been generally accepted, but with the suppression of the words "and policies" at the end of the second line. The Committee recognized that alternative A is more mindful of the dignity of the country members; as Mr. Brown (U.S.A.) said "It is better to limit the use of the Fund or to declare a nation ineligible rather than to suspend it with a connotation of blame".

(p. 3) Section 4, alternative A, page 7. Elimination on the

Operations of the Fund, has been generally approved without objection.

Section 5, alternative A, page 8 on Operations for the Purpose of Preventing Currencies from Becoming Scarce has been generally agreed with the exception of paragraph (2), which has not yet been discussed. However, there are in paragraph (1) of this section some minor problems of drafting and this section has been turned over to the asterisk committee.

To summarize, committee 1 has achieved a general agreement on Section 1, 2, 2A and 4, with exception of paragraphs 2 and 3, in section 2.

I think that I am not going beyond the assignment of a reporting delegate in saying that Committee 2 recommends that this Commission approve these articles.

Now I come to the only point upon which there were wide differences of opinion, namely III, 2, c of the Joint Statement. Before doing so, I want to ask, What is your pleasure? If the Commission decides to put that question on its order of the day right away, it is appropriate that I should report to you the discussion which took place in Committee No. 2. If, on the other hand, you decide to postpone the discussion on this rather ticklish question, I respectfully submit that my report be postponed until such time as the Cômmission may select.

Document 129

C/SP/1

Report of the Special Committee on Furnishing Information of the Pre-Conference Agenda Committee, June 28, 1944

The Special Committee on Furnishing Information met on June 28 under the Chairmanship of Mr. Morozov of the U.S.S.R. The other members of the Committee were Sir Theodore Gregory of India, Mr. Deutsch of Canada, Mr. Polak of the Netherlands, and Mr. Maffry of the United States as Reporter.

The Committee considered the advisability of a general provision which would require member countries to furnish information needed for the operations of the Fund as against a listing of required information. Several members of the Committee would have been willing to accept a general provision on the assumptions that the Fund would be reasonable in its demands for information and that it would make allowances for the position of countries the statistical services of which are less well developed than those of others.

It was decided to attempt a listing of information essential for the operations of the Fund with an escape clause which would permit a country to plead *inability* to supply certain information but not *unavailability* of information in its possession. Such a clause was considered necessary because some countries cannot now furnish some of the information which would be considered essential to the operations of the Fund.

It was recognized that a listing of required information would have the positive advantage of putting member countries on notice as to what was required and in this way of promoting the development of new statistical and other information.

The Committee did not reach full agreement on required items of information and has therefore submitted two lists as given below. It should be noted that items 3, 6(b), (c), and (d), and 10, which appeared in Alternative A submitted to the Committee for consideration were deleted and that the exact phrasing of items 1 and 2 on List I will depend upon the final definition of terms.

The Committee discussed at some length the question of requiring information on gold production. It was pointed out that gold production may be inferred, although with some margin of error, from data on gold holdings and gold movements, and could not be shown to be required under any specific provision of the draft agreement. The opposing view was that it would be very useful and indeed essential for the Fund to know current additions to gold supply as a result of new production independently of factors such as movements into and out of private hoards. The longer list given below includes gold production as an item of required information.

Section —. *Furnishing Information*

The Fund may require member countries to furnish it with such information as it deems necessary for its operations. In requesting information the Fund shall, however, take into consideration the ability of individual countries to furnish the data asked for. The minimum amount of information necessary for the due carrying out of the Fund's duties includes the following:

(p. 2)

1. Official holdings of (a) gold at home and abroad, (b) gold-convertible currencies distributed by currencies, and (c)

other currencies distributed by currencies, as defined for purposes of the Fund.

2. Holdings by banking and financial agencies other than official agencies of (a) gold at home and abroad, (b) gold-convertible currencies distributed by currencies, and (c) other currencies distributed by currencies, as defined for purposes of the Fund.
3. Production of gold.
4. Gold exports and imports distributed by countries of destination and origin.
5. Total exports and imports of merchandise, in terms of local currency values, distributed by countries of destination and origin.
6. International balance of payments, including (a) trade in goods and services, (b) gold movements, and (c) capital transactions.
7. International investment position, i.e., investments within the country owned abroad and investments abroad owned by residents of the country.
8. National income.
9. Price indexes. (Indexes of commodity prices in wholesale and retail markets and of export and import prices as available from official sources).
10. Buying and selling rates for foreign currencies.
11. Exchange controls. (Comprehensive statement of exchange controls in effect at the time of assuming membership in the Fund and changes thereafter as they occur.)

(p. 3)

12. Where official exchange controls exist, arrearages for commercial or financial remittances in terms both of the time lag in remittances and total amounts in arrears by types of arrearage.

(List 2)

1. Gold holdings of the Central Bank and the Treasury and their changes.
2. Gold convertible exchange holdings of the Central Bank and the Treasury.
3. Movement of capital.
4. Foreign trade data.
5. Other items of the balance of payments.
6. Rates of exchange and their changes.

Document 131(7)

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

Agenda

(Corrected Copy)

I. International Monetary Fund

1. *Purposes, Policies and Quotas of the Fund*
(Purposes and policies of the Fund, obligations of member countries, transitional arrangements for the period during which the Fund and member countries adopt the agreed policies, relationship of the Fund with the public and with non-member countries, and relationship of member countries with non-member countries, to consider the quota of member countries, the basis for future revision of quotas, and payment of subscriptions in gold and local currency.)

2. *Operations of the Fund*
(Operations of the Fund including the sale of exchange, acquisition of gold by the Fund, borrowing by the Fund, charges levied by the Fund, determination of parities and changes in parities, guarantee of the value of the assets of the Fund, regulation of capital transactions, apportionment of scarce currencies, and provision for reserves and distribution of profits.)

3. *Organization and Management*
(Establishment of governing boards, basis for voting, selection of officers, appointment of committees, location of offices and depositories, provision for by-laws and regulations, publication of reports by the Fund, information to be reported to the Fund by member countries, and suspension from membership, liquidation of reciprocal obligations on termination of membership, and general liquidation of the Fund.)

4. *Form and Status of the Fund*
(Nature of the agreement establishing the Fund, the legal position of the Fund in member countries, immunities of the Fund and its assets, amendment of the Fund agreement and the regulationship of the Fund to other international organizations.)

(p. 2)

II. Bank for Reconstruction and Development

1. *Purposes, Policies, Capital and Subscription of the Bank.*
(Purposes and policies of the Bank, relationship of the Bank with the public and with non-member countries, and relation-

ship of member countries with non-member countries, capital of the Bank, subscription of member countries, proportion of subscriptions to be paid in, payment in gold and local currencies, further calls for payment on subscriptions and the reservation of part of the unpaid capital as a surety fund.)

2. *Operations of the Bank*
(Conditions under which the Bank may guarantee, participate in or make loans, the manner in which it will aid and encourage equity investment, provision for safeguarding funds lent by the Bank, guarantee of the value of the local currency assets of the Bank, provision for repayment of principal and interest, borrowing by the Bank, the limitation on direct and contingent liabilities of the Bank, the charges the Bank may levy, provision for reserves and distribution of profits, security and foreign exchange transactions the Bank may undertake, and other operations of the Bank.)

3. *Organization and Management*
(Establishment of governing boards, basis for voting, selection of officers, appointment of committees, location of offices and depositories, provision for by-laws and regulations, publication of reports by the Bank, withdrawal or suspension from membership, contingent liability of former members, and general liquidation of the Bank.)

4. *Form and Status of the Bank*
(Nature of the agreement establishing the Bank, the legal position of the Bank in member countries, immunities of the Bank and its assets, amendment of the Bank agreement and the relationship of the Bank to other international organizations.)

III. Other Measures for International Financial Cooperation

Document 132

CI/M/2

Minutes of Meeting of Commission I

International Monetary Fund

(*July* 5, 10:30 *a.m.*)

The Chairman urged that the work should be speeded.

The Reporters of the four Committees of Commission I (Mr. Varvaressos, Greece, for Committee 1; Mr. Mosse, French Committee of National Liberation, for Committee 2; Mr. Hexner, Czechoslovakia, for Committee 3; and Mr. Keilhau, Norway, for Committee 4) then reported on the progress made to date by their respective Committees. (These reports are being circulated separately.)

The Commission discussed procedure to be followed with respect to these reports and its future activities and decided:

(1) To postpone consideration of the reports until further progress has been made in the Committees;

(2) To have the reports from the Committee circulated in advance so that the members would be better able to participate;

(3) That the next meeting of the Commission should be left to further determination but in any event should not be held until reports covering several more meetings of the Committees are available;

(4) To have the Committee sessions longer and less frequent, and

(5) To have one meeting of each Committee on July 6 (two in the morning and two in the afternoon).

Document 137

(p. 20)

JOURNAL

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

No. 6 Bretton Woods, New Hampshire July 6, 1944

ORDER OF THE DAY

Meetings for Thursday, July 6

10 a.m.	Committee 1 of Commission I	Auditorium
10 a.m.	Committee 3 of Commission I	The Hemicycle
2:30 p.m.	Committee 2 of Commission I	Auditorium
2:30 p.m.	Committee 4 of Commission I	The Hemicycle
4:45 p.m.	Agenda Committee of Commission II	Room 219

(p. 21)

Résumés of Commission and Committee Meetings

Commission I

International Monetary Fund

(*July* 5, 10:30 *a.m.*)

The second meeting of Commission I was devoted to receiving progress reports from the four Committees of the Commission. (The reports of the Committee Reporters are being distributed separately as documents no. 125 (Committee 1), no. 126 (Committee 3), no. 127 (Committee 4), and no. 128 (Committee 2).) It was agreed that in the future the reports of Committee Reporters would be circulated in advance of Commission meetings. It was decided to hold only one meeting of each Committee on Thursday, July 6, and to leave to further arrangement the date of the next meeting of the Commission.

(The minutes of this meeting are being distributed separately as document no. 132.)

Committee 1 of Commission I

Purposes, Policies, and Quotas of the Fund

(*July* 5, 4 *p.m.*)

Committee 1 of Commission I met at 4 p.m., July 5 and considered Alternative A of article II, on page 2—"Subscription to the Fund". After brief discussion, section 1 of Alternative A was referred to the drafting committee for a slight change in phraseology. Section 2 of Alternative A, which deals with quotas, was deferred until the document on this is available. Alternative A, section 3, which deals with time and place of payment, was also deferred since it is related to section 5 of an additional article XIII on page 49 which has not yet been considered. In considering Alternative B, a proposed addition to section 3 of Alternative A, it was agreed to recommend to Commission I the appointment of an *ad hoc* committee to consider the problems of liberated countries with respect too their initial quota payments and other matters. In considering Alternative A, section 4, on page 3, which deals with adjustment of quotas, the consensus was that the Fund should be permitted to revise quotas whenever this was deemed appropriate, and it also should review the question every five years. The matter was referred to the drafting committee. The Committee agreed with the substance of Alternative A, section 5, to article II, section 3, on page 4, which deals with initial payments. and referred it to the drafting committee for language changes.

(The minutes of this meeting are being distributed separately as document no. 138.)

(p. 22)

Committee 2 of Commission I

Operations of the Fund

(*July* 5, 5:30 *p.m.*)

The third meeting of Committee 2 of Commission I was held on July 5 at 5:30 p.m. The Committee continued its discussion of article III, Transactions with the Fund. The Committee agreed to refer the consideration of Alternative A, section 2 (3) (p. 6a of Document SA/1), Alternative B (p. 6b), and Alternative D (p. 6c) to an *ad hoc* committee to be appointed by the Chairman. The Committee continued its discussion of article III of the Joint Statement. The Committee postponed for later consideration Alternative A, section 5 (2) (p.8) and Alternative B (p. 8); also Alternative A; section 6 (p. 9) and Alternatives B, C, D, and E to article III, section 7, of the Joint Statement (pp. 11, 11a, and 11b). The Committee approved Alternative A, section 7 (p. 10) and referred parts of Alternative A, section 6 (p. 9) and Alternative A, section 9 (p. 12) to the language committee.

(The minutes of this meeting are being distributed separately as document no. 140.)

Committee 3 of Commission I

Organization and Management of the Fund

(July 5, 4 p.m.)

The third meeting of Committee 3 of Commission I deferred consideration of article VII, section 2, relating to the executive directors until new drafts were submitted by various interested groups of members. The Committee took up consideration of section 3 on voting in the board of governors. The principle of allotting each member a certain number of votes in addition to its votes determined by quotas was generally accepted. No action was taken on the precise number of votes so to be assigned to each member. There was no final agreement on the second paragraph, which proposed to increase the votes of members whose currencies are sold by the Fund. It was referred back to the Secretariat for redrafting so as to clarify the proposal insofar as it referred to "net transactions in gold" and for specification of the cases in which the paragraph is supposed to apply. The general objectives met with rather wide approval although there was some dissent. The third paragraph was approved. Alternative B was withdrawn. The Committee agreed to include in the draft a quorum provision whereby the quorum would consist of at least half of the members and two thirds of the votes.

(The minutes of this meeting are being distributed separately as document no. 141.)

(p. 23)

Committee 4 of Commission I

Form and Status of the Fund

(July 5, 5:30 p.m.)

The second meeting of Committee 4 of Commission I was held on July 5 at 5:30 p.m. The Chairman was authorized to appoint a small "asterisk committee" to consider minor questions of wording and coordination. The Committee proceeded with a discussion and approval of section 5 of article IX, dealing with immunity of assets of the Fund, as amended to include section 6. After an extended discussion of section 7 of article IX, pertaining to restrictions on taxation of the Fund, its employees and obligations, the Chairman appointed a subcommittee to consider the present Alternative A contained in document no. 121. Delegates from Cuba, Norway, Union of Soviet Socialist Republics, United Kingdom, and the United States were appointed to the subcommittee, with the Delegate of the United States as Chairman.

(The minutes of this meeting are being distributed separately as document no. 142.)

Notice

In observance of the Eighth Year of Chinee Resistance to the forces of aggression, a meeting will be held in the Auditorium on Friday, July 7, at 9 p.m., at which the Honorable H. H. Kung will make a brief address and motion pictures of the war in China will be shown. The members of the Delegations, of the Secretariat, and of the Press are cordially invited to attend.

Warren Kelchner
Secretary General

(p. 24)

List of Documents Issued as of July 5, 1944

Subject	*Symbol No.*
Order of the Day, July 5, 1944	GD/13
Journal No. 5	J/5
Commission I, Committee 1, Minutes of Meeting, July 4	CI/1/M1
Commission I, Committee 3, Minutes of Meeting, July 4	CI/3/M1
Commission I, Committee 2, Minutes of Meeting, July 4	CI/2/M1
Commission I, Committee 4, Minutes of Meeting, July 4	CI/4/M1
Additional Page to SA/1	SA/1/1
Additional Page to SA/1	SA/1/2
Additional Page to SA/1	SA/1/3
Additional Page to SA/1	SA/1/4
Commission I, Committee 1, Minutes of Meeting, July 4	CI/1/M2

Subject	*Symbol No.*
Commission I, Committee 2, Minutes of Meeting, July 4	CI/2/M2
Commission I, Committee 3, Minutes of Meeting, July 4	CI/3/M2
Telephone Directory	GD/13
Mexican Delegation, Proposal on Silver	DP/2
Egyptian Delegation, Memorandum on Purposes and Policies of the Fund	DP/3
Mexican Delegation Proposal on Voting a Uniform Change in Gold Value of Member Currencies	DP/4
Additional Page to SA/1	SA/1/5
Additional Page to SA/1	SA/1/6
Commission I, Committee 1, Report of Drafting Committee	CI/1/DC/1
Additional Page to SA/1	SA/1/7
Committee 1, Report to Commission I, July 5	CI/1/RP1
Committee 3, Report to Commission I, July 5	CI/3/RP1
Committee 4, Report to Commission I, July 5	CI/4/RP1
Committee 2, Report to Commission I, July 5	CI/2/RP1
Special Committee on Furnishing Information, Report	C/SP/1
Agenda, Revision of	A/1
Commission I, Minutes of Meeting, July 5, 1944, 10:30 a.m.	CI/M/2

Document 138

CI/1/M3

Minutes of Meeting of Committee 1 of Commission I

Purposes, Policies, and Quotas of the Fund

(*July* 5, 1944, 4 *p.m.*)

The third meeting of Committee 1 of Commission I was held on Wednesday, July 5, 1944, at 4 p.m.

Copies of the first report of the drafting committee of Committee 1 were distributed. The Committee agreed to defer discussion of the report until the next meeting.

The Chairman then took up the regular agenda, beginning with Alternative A of Article II—"Subscription to the Fund"—(Page 2 of document SA/1). Section 1 of this Alternative deals with "Countries Eligible for Membership". A question was raised as to whether there was not a defect in the wording of this provision which might be remedied by reference to "original" members or "founder" members, or some similar expression. The Chairman found that the consensus of the Committee was to agree with the sense of Alternative A and to refer the question to the drafting committee.

Section 2 of Alternative A—"Quotas"—was passed over, as the Chairman indicated that the expected document on this subject was not yet ready.

The Chairman then read Alternative A, section 3—"Time and Place of Payment". In answer to inquiries from various members as to whether all the quotas had to be paid in before the fund could begin operations, it was explained that this problem would be dealt with in section 5 of an additional article XIII, referred to on page 49 of Document SA/1.

The Committee then discussed Alternative B (p. 2a), proposed as an addition to section 3 of Alternative A. The proposer of this amendment explained its importance to liberated countries, indicating the complete disorganization of their monetary systems. He also pointed out the safeguards for the Fund contained in Alternative B. It was brought out in discussion that other countries in the Middle East would be faced with similar difficulties and might require similar arrangements.

This led to general discussion of the applicability of the Agreement to liberated countries, and the Committee agreed to recommend to Commission I that it appoint an *ad hoc* committee to consider the problems of liberated countries with respect to their initial quota payments and other matters dealt with in other provisions of the Fund.

(p. 2) The Chairman found that there was agreement with the substance of Alternative A, section 3, but that since it was related to provisions not yet before the Committee, final consideration should be deferred.

The discussion then turned to Alternative A, section 4 (p. 3), which deals with adjustment of quotas. Questions were raised regarding whether the Fund should be permitted to revise quotas in general at any time or only at five-year intervals, and also whether the Fund should be able to revise an individual quota at any time. The consensus of the meeting was that the Fund should be permitted to revise quotas whenever it was deemed appropriate, and that it should also review the question every five years. Various phrases were suggested to accomplish this purpose. The matter was referred to the drafting committee.

The Committee then considered Alternative A, section 5, to article II, section 3 of the Joint Statement (p. 4), dealing with "Initial Payments". The Committee concurred in the substance of this provision and referred the various suggested improvements in language to the drafting committee.

749013—48—11

Document 140

CI/2/M3

Minutes of Meeting of Committee 2 of Commission I

OPERATIONS OF THE FUND

(*July* 5, 1944, 5:30 *p.m.*)

The third meeting of Committee 2 of Commission I was held at 5:30 p.m. on July 5.

The Chairman was authorized to appoint an *ad hoc* committee to consider the question recommitted to Committee 2 by Commission I, that is, Alternative A, section 2 (3) (p. 6a of Document SA/1), Alternative B (p. 6b), and Alternative D (p. 6c), all of which refer to the conditions under which a member country may purchase the currency of another member from the Fund.

The Committee then continued its discussion of article III, "Transactions with the Fund". The Committee agreed to defer discussion of Alternative A, section 5 (2) and Alternative B (p. 8) in order to allow time for informal discussion of these Alternatives.

The Committee agreed to defer discussion of Alternative A, section 6 (p. 9) until article IX, sections 2 and 3 of the Joint Statement have been considered, since the meaning of section 6 (p. 9) depends on the provisions of article IX. In view of the close relation of article IX, sections 2 and 3, to the work of Committee 2, the possibility of a reassignment of work among the Committees of Commission I was suggested. The Committee also noted certain typographic errors in section 6. In the fifth line the word "currency" should be replaced by the word "current" and in the second line of paragraph (c) the word "above" should be replaced by the word "below". The Committee agreed that, pending further discussion, paragraph (c) be referred to the language committee with the suggestion that the words "contrary to" be substituted for the words "as a result of dealings illegal under".

The Committee agreed to approve Alternative A, section 7 (p. 10).

The Committee agreed to defer consideration of Alternatives B, C, D, and E to article III, section 7, of the Joint Statement (pp. 11, 11a, 11b) until Alternative A has been presented to the Committee.

The Committee agreed to refer Alternative A, section 9 (p. 12), to the language committee for rewording and clarification.

The Committee was informally presented with a new Alternative F to article III-2 (3) of the Joint Statement which the Committee agreed to refer to the *ad hoc* committee mentioned above, which is to be appointed by the Chairman to consider the other Alternatives to this same paragraph.

The Committee discussed briefly Alternative E (p. 6d), proposed as an addition to article III, section 2 of the Joint Statement. It will continue the discussion of this Alternative at its next meeting.

Document 141

CI/3/M3

Minutes of Meeting of Committee 3 of Commission I

Organization and Management of the Fund

(*July* 5, 1944, 4 *p.m.*)

At its third meeting, held on July 5 at 4 p.m., Committee 3 of Commission I decided to defer action and further consideration of article VII, section 2, Alternatives A and B, relating to the executive directors, until new drafts would be submitted by various members for the sections in controversy. The Committee proceeded to consider article VII, section 3, voting in the board of governors. After extended debate it was agreed to accept in principle the first paragraph providing for a number of votes to be assigned to each country by virtue of its membership, in addition to the votes proportional to quotas. No decision was taken on the number of 250 votes per country until more information about the quotas becomes available.

The Committee discussed, at considerable length, the implications of the second paragraph of article VII, section 3, providing for the reduction of votes of members purchasing currency from the Fund and increasing the votes of members whose currencies are sold by the Fund. In the discussion it was brought out that the precise limitations of the use of the proposed provision should be clarified by redrafting so as to make clear that the special voting provisions applied only to a few circumstances, e.g., the waiver by the Fund of the limitations on the annual purchase of currency by a member country and the prevention of the misuse of the Fund's assets. While there was no general agreement, the weight of opinion seemed to approve of the terms of Alternative A, with perhaps some reduction in the penalty to be applied to the countries making large purchases of currency from the Fund.

The third paragraph of the section was accepted. Alternative B was withdrawn by its supporters, except the portion relating to the quorum. It was agreed that the quorum should be constituted by at least half of the member countries and at least two thirds of the votes.

(N.B. The last word of the minutes of the meeting of Committee 3 of Commission I held on July 4 at 10:00 a.m. (Doc. 103) should read "votes" instead of "quotas".)

Document 142

CI/4/M2

Minutes of Meeting of Committee 4 of Commission I

Form and Status of the Fund

(*July* 5, 1944, 5:30 *p.m.*)

The second meeting of Committee 4 of Commission I was held on July 5 at 5:30 p.m. The Chairman announced that the Chairmen of all of the delegations had agreed that there would be no formal voting in the Committees. The Chair was authorized to appoint a small "asterisk committee" to which minor questions of wording and coordination may be referred. In the case of a lack of agreement on important questions, the lack of agreement will be reported to the Commission. Approval was obtained permitting the technical personnel accompanying the delegations to be allowed, at the request of the representatives, to express the point of view of their delegations without entering into debate.

The Committee proceeded with the discussion of article IX, sections 5, 6, and 7, as amended. After considerable discussion and comments by various delegates, section 5 of article IX was approved as amended by document No. 120 to include the substance of section 6. There was considerable discussion of section 7, as amended by document No. 121. The Chairman appointed a subcommittee to review this section further before final approval. The subcommittee appointed consists of one delegate from Cuba, Norway, Union of Soviet Socialist Republics, United Kingdom, and United States of America, with the delegate of the United States as Chairman.

In addition to the articles and sections assigned to this Committee in document No. 51, the following matters previously assigned to Committee 3 of Commission I were also assigned for discussion at the next meeting of the Committee on July 6:

Article VII—Management of the Fund

Sec. 8—Relationship to other international organizations

Article VIII—Withdrawal from the Fund

Sec. 1—Right of members to withdraw

Sec. 2—Suspension of membership or compulsory withdrawal

Document 143

(p. 14) SA/1/8

JOINT STATEMENT—no provision

The following material has been suggested as an addition to Alternative A, Article III.

Section 11. *Furnishing Information.*

The Fund may require members to furnish it with such information as it deems necessary for its operations. In requesting information the Fund shall, however, take into consideration the ability of individual members to furnish the data asked for. The minimum amount of information necessary for the due carrying out of the Fund's duties includes the following:

1. Official holdings of (a) gold at home and abroad, (b) gold-convertible currencies distributed by currencies, and (c) other currencies distributed by currencies, as defined for purposes of the Fund.
2. Holdings by banking and financial agencies other than official agencies of (a) gold at home and abroad, (b) gold-convertible currencies distributed by currencies, and (c) other currencies distributed by currencies, as defined for purposes of the Fund.
3. Production of gold.
4. Gold exports and imports distributed by countries of destination and origin.
5. Total exports and imports of merchandise, in terms of local currency values, distributed by countries of destination and origin.

(p. 14a)

6. International balance of payments, including (a) trade in goods and services, (b) gold movements, and (c) capital transactions.
7. International investment position, i.e., investments within the country owned abroad and investments abroad owned by residents of the country.
8. National income.
9. Price indexes. (Indexes of commodity prices in wholesale and retail markets and of export and import prices as available from official sources.)
10. Buying and selling rates for foreign currencies.
11. Exchange controls. (Comprehensive statement of exchange controls in effect at the time of assuming membership in the Fund and changes thereafter as they occur.)
12. Where official exchange controls exist, arrearages for commercial or financial remittances in terms both of the time lag in remittances and total amounts in arrears by types of arrearage.

Alternative B

(Substitute for list in Alternative A)

1. Gold holdings of the Central Bank and the Treasury and their changes.
2. Gold convertible exchange holdings of the Central Bank and the Treasury.

(p. 14b)

3. Movement of capital.
4. Foreign trade data.
5. Other items of the balance of payments.
6. Rates of exchange and their changes.

7/6/44

J.S. Art. III
Additional Section (11)

Document 144

(p. 9a)

SA/1/9

Alternative B

(Substitute for Joint Statement III, 5)

So long as a member country is entitled to buy another member's currency from the Fund in exchange for its own currency it shall be prepared to buy its own currency from that member with that member's currency or with gold and silver. In the latter case the proportion of the silver shall not exceed a percentage corresponding to that in which silver was used by the member country in subscribing its quota. This shall not apply to currency subject to restrictions in conformity with IX, 3 below, or to holdings of currency which have accumulated as a result of transactions of a current account nature effected before the removal by the member country of restrictions on multilateral clearing maintained or imposed under X, 2 below.

7/5/44 J.S. Art. III
Sec. 5

Document 145

(p. 2b) SA/1/10

ALTERNATIVE C

(Substitute for Joint Statement II, 1)

Member countries shall subscribe in gold and in their local currencies amounts (quotas) to be agreed, up to a total of $10 billions (for the world as a whole) or $8 billions (for all the United and Associated Nations). Member countries may subscribe part of their quotas, as per 3 below (Alternative D, page 4b), in silver.

7/5/44 J.S. Art. II
Sec. 1

Document 146

(p. 4b) SA/1/11

ALTERNATIVE D

(Substitute for Joint Statement II, 3)

The obligatory gold subscription of a member country shall be fixed at 25 percent of its quota or 10 percent of its holdings of gold and gold convertible exchange, whichever is the smallest. The remaining 75 percent shall be subscribed in local currencies or, if a member nation so wishes, in silver and its local currency in a proportion to be agreed upon in each individual case.

7/5/44 J.S. Art. II
Sec. 3

Document 147

(p. 6c) SA/1/12

Alternative F

(Substitute in Alternative A of Art. III, Section 2 for paragraph (3))

(3) The total holdings of the Fund in the currency of the member initiating the purchase (after having been *brought up*, if below that figure, to *the value of* the quota of such member) have not increased during the previous twelve months by more than twenty-five percent of the quota of such member and do not exceed two hundred percent of the quota; and

7/5/44 J.S. Art. III Sec. 2

Document 148

(p. 11c) SA/1/13

Alternative F

(Substitute for Joint Statement III, 7(a), (b), and (c))

The Fund may also acquire gold and silver from member countries in accordance with the following provisions:

(a) A member country may repurchase from the Fund for gold and silver, as per III, 5 (Alternative B, page 10a) above, any part of the latter's holdings of its currency.

(b) So long as a member's holding of gold, gold-convertible exchange and silver 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.

(c) If at the end of the Fund's financial year a member's holdings of gold, gold-convertible exchange and silver have increased, the Fund may require up to one-half of the increase to be used to repurchase part of the Fund's holdings of its currency so long as this does not reduce the Fund's holdings of a country's currency below 75 percent of its quota or the member's holdings of gold, gold-convertible exchange and silver below its quota.

7/5/44 J.S. Art. III Sec. 7

Document 149

(p. 10a) SA/1/14

ALTERNATIVE B

(Substitute for Joint Statement III, 6)

A member country desiring to obtain, directly or indirectly, the currency of another member country for gold and silver is expected, provided that it can do so with equal advantage, to acquire the currency by the sale of gold and silver to the Fund. This shall not preclude the sale of newly mined gold and silver in any market.

7/5/44 J.S. Art. III
Sec. 6

Document 150

(p. 25g) SA/1/15

ALTERNATIVE D

(Substitute for Joint Statement VII, 1)

(b) There shall be 12 Executive Directors of whom 5 shall be appointed by the members having the five largest quotas, 3 by the members having the six next largest quotas, and 4 by the other members. In the balloting for the seats allowed to each of the last two categories, each member eligible to vote in that category shall cast for one director all the votes to which he is entitled and the directors receiving the greatest number of votes shall be Executive Directors.

The members so chosen shall have the power of appointment of directors for two years; at the end of this period any of the members may be chosen again or other members may be chosen. The persons chosen as Executive Directors need not be Governors. The Executive Directors shall meet not less than once every three months.

7/5/44 J.S. Art. VII
Sec. 1

Document 151

(p. 25d) SA/1/16

ALTERNATIVE C

(a) The Board of Governors shall appoint an Executive Committee.

The Executive Committee shall conduct all of the business of the Fund delegated to them by the Board of Governors.

(b) *Formation of the Executive Committee.*

The Executive Committee shall consist of fourteen Executive Directors appointed as follows:

1. Five Directors representing each one of the five member countries having the largest quotas in the Fund.

2. Three Directors representing the member countries in the economic area of the British Empire.

3. Three Directors representing the member countries in the economic area of the American Republics.

4. Three Directors representing the member countries in all other economic areas.

Each Director shall have an alternate appointed in the same manner. Executive Directors and their alternates need not be Governors and may be reappointed.

(c) *Method of Election of the Executive Committee.*

The five Executive Directors of the five member countries having the largest quotas in the Fund shall be appointed directly by each one of such member countries and shall continue to serve for an indefinite period, subject to the pleasure of their respective Governments.

The remaining nine Executive Directors shall be chosen by the Board of Governors every year at its Annual meeting by separate elections in which all the governors of the respective economic areas shall participate, except those governors representing member countries holding permanent seats in the Executive Committee.

7/5/44 J.S. Art. VII
Sec. 1

(p. 25e) Each governor, in the respective economic area to which his member country belongs, shall be entitled to cast exclusively for one Executive Director all of the votes to which his member country is entitled according to the rules of voting of Section 3 of this Article. The three persons receiving the highest number of votes shall be considered elected, provided, however, that no Executive Director shall be considered elected at the first ballot who has not received at least one-third of all the votes of the participating countries of his respective economic area.

If at the first balloting of the respective economic areas all three Directors should not have been elected according to the application of the preceding rules, then a second balloting shall be held at which only those governors who voted for a person not elected shall be entitled to participate in the second balloting. If at the second balloting the total number of Directors of the respective area shall not have been elected, further ballotings shall be taken applying the same rules until two Directors shall have been so elected. The third Director may then be elected by a simple majority vote.

The above procedure shall be equally applicable to the election of alternate Executive Directors.

(d) *Meetings of the Executive Committee.*

The Executive Committee shall meet as often as the business of the Fund may require. The Executive Committee may also decide to hold regular meetings at stated periods to consider questions of general policy of the Fund and to prepare the agenda for the annual meeting of the Board of Governors.

The General Manager of the Fund shall act as Chairman of the Executive Committee, but shall have no vote.

7/5/44 J.S. Art. VII Sec. 1

(p. 25f) In order to constitute a quorum for the meetings of the Executive Committee there must be present not less than seven Directors representing not less than one-half of the total voting power of the Executive Directors.

Whenever a member country not having a national among the Executive Directors may have requested action or will be directly affected by a decision of the Executive Committee, such member country shall be entitled to have a representative present at the meeting when such request or decision is to be considered, but such representative shall not be entitled to vote.

(e) *Decisions of the Executive Committee.*

Resolutions of the Executive Committee shall be adopted by the favorable vote of the majority of Directors attending the meeting, provided, however, that in the said voting there should also concur a majority of the voting power represented by each Director according to Section 3.

For the purpose of computing their voting power under Section 3, the Director representing an economic area on the Executive Committee shall be entitled to represent and cast the accumulated number of votes of the member countries that voted for him in his area.

(f) The Executive Committee shall appoint the General Manager of the Fund, and shall determine his duties and powers.

The Executive Committee may also appoint such committees as they deem advisable. Membership of such committees need not be limited to governors, directors and alternates.

The General Manager and the Executive Directors shall be compensated by the Fund in an amount fixed by the Board of Governors.

7/5/44

J.S. Art. VII
Sec. 1

Document 152

(p. 26)

SA/1/17

Combined Alternatives A and B for Joint Statement VII 1, 2, and 3, and Additional Material on Page 27 of Document SA/1

1. 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.
2. There shall be eleven Executive Directors, of whom five shall be appointed by the five members having the largest quotas and six shall be elected biennually, in accordance with the provisions of Schedule B, by all the Governors other than those appointed by the members having the five largest quotas. Persons chosen as Executive Directors need not be Governors.
3. Every Executive Director may 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.
4. The Executive Directors shall be in continuous session at the principal office of the Fund.
5. In order to constitute a quorum for any meeting of the Executive Directors, there must be present a majority of the Directors representing not less than one-half of the voting power of all the Executive Directors.
6. Each Executive Director appointed by one of the members with the five largest quotas shall be entitled to cast the number of (p. 26a) votes alloted under Section 3 of this Article (J.S. VII, 2) to the member appointing him. Each elected Executive Director shall be entitled to cast only the number of votes which actually count toward his election. When the provisions of the second paragraph of Section 2 of this Article are applicable, the votes to which an Executive

Director would otherwise be entitled shall be increased or decreased proportionately. Each Executive Director shall cast all of the votes to which he is entitled as a single unit.

7. The Board of Governors shall make regulations containing provisions under which a member which is not entitled to appoint an Executive Director under 2 above shall be permitted to 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.
8. The Executive Directors shall appoint 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 casting vote in case of an equal division. He may participate in meetings of the Board of Governors, but shall not vote at such meeting. He shall, however, be eligible for election as Chairman of the Board of Governors. The Managing Director shall hold office at the pleasure of the Executive Directors.

(p. 26b)

9. 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's work. Subject to the general control of the Executive Directors, he shall be responsible for the internal organization of the Fund's staff and the appointment and dismissal of its staff. The Managing Director shall be responsible to the Executive Directors for the accounts.
10. The Executive Directors may appoint such committees as they deem advisable. Members of such committees need not be limited to Governors or Executive Directors or their alternates.
11. The Board of Governors shall determine the remuneration to be paid to the Executive Directors and the salary and terms of service of the Managing Director.

SCHEDULE B

(a) In balloting for the elective Executive Directors, each governor eligible to vote shall cast for one person all of the votes to which he is entitled under the first paragraph of Section 3 of this article (J.S. VII, 2). The six persons receiving the greatest number of votes shall be Executive Directors, except that no person who receives less than sixteen percent of the aggregate eligible votes shall be considered elected.

(p. 26c) (b) When six persons are not elected on the first ballot, a second ballot shall be held in which the person receiving the lowest number of votes shall be ineligible for election and in which there shall vote only those governors who voted on the first ballot for a person not elected and those governors all or part of whose votes for a person elected are deemed to have raised the votes cast for that person above seventeen percent of the aggregate eligible votes.

(c) In determining whether any part of the votes cast by a governor are to be deemed to have raised the total of any person above seventeen percent, there shall be considered as not forming part of the excess over seventeen percent 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 the total reaches seventeen percent.

(d) Any governor whose votes are partly not in excess and partly in excess shall be eligible to vote in the second balloting only to the extent of the votes in excess.

(e) If on the second ballot, six persons have not been elected, further ballots shall be taken on the same principles until six persons have been elected, provided that after five persons are elected, the sixth may be elected by a simple majority of the remaining votes and shall be deemed to have been elected by all such votes.

Document 153

DP/5

Egyptian Delegation

Memorandum to be Submitted to Commission I (Committee 2)

Paragraph IV, 1 of the Joint Statement lays down that "The par value of a member's currency. . . . shall be expressed in terms of gold."

This statement lacks precision. It fails to indicate the date on which the expression is to take place, an important point, since the value of gold varies from day to day, and the place at which the gold is situated, in terms of which the currency is to be valued. This also is important, for a kilogram of gold in New York has not the same value as a kilogram of gold in London, in Pretoria, in Bombay or in Cairo.

Difficulties are bound to arise, unless this ambiguity is removed, as it can be removed by setting up an international standard of value, which, it is suggested should be that of 10 (ten) grams of fine gold at the seat of the Fund as of a date to be agreed.

It is suggested that this international unit of value be called the *val,* with subdivision decimally into millivals (thousandths) and multiples, kilovals (thousands) and megavals (millions).

It is further suggested that the value be expressed in terms of gold, through the definition

> "The price of ten grams of fine gold at the central seat of the Fund, on (an agreed date) shall be one val."

The possibility of such changes as have been mentioned above seems to be envisaged in IV, 5 of the Joint Statement, which provides for a uniform change in the gold value of member currencies. In the suggested plan, such a change would be made by a modification of the defined price of ten grams of gold, in terms of vals.

It is submitted that the institution of some such international unit of value will be found ultimately to be necessary, in order to facilitate accounting, the expression of currencies in terms of gold, and the expression of currencies in terms of each other, to serve, in fact, as a common denominator of value. Its institution is in line with the adoption of international measures of length, weight, electrical units and so forth.

The introduction of an international unit into both the plans associated with the names of Mr. White and Lord Keynes was based on sound principles, although exception may be taken to the particular units there devised. (p. 2) The amount, 10 grams, is suggested because it links the international currency decimally to the C.G.S. system already adopted for so many international purposes. Its magnitude gives a convenient size to the unit, namely, approximately $11.253 or 54.013 shillings, and the millival, about 1⅛ cent, is not very different from the cent, which is roughly the lowest unit of value used in commercial accounting. (If lower submultiples should be required for special purposes, there is no difficulty in subdividing further decimally).

The following resolution is therefore recommended:

"An international unit of value shall be instituted. This international unit shall be denominated one VAL. The val shall be subdivided and multiplied decimally. The value of the val shall be expressed in terms of gold by the definition:

'The price of ten grams of fine gold at the central seat of the Fund as of (a date to be agreed) shall be one VAL.' "

Document 156

GD/19

Representation of Delegations on Commissions and Committees

(NOTE: This preliminary list is based on information available to the Secretariat at the time of typing. Please send corrections or additions to the Secretary General, Room 136, immediately.)

COMMISSION I

Chairman—Harry D. White (U.S.A.)
Vice Chairman—Rodolfo Rojas (Venezuela)
Reporting Delegate—L. Rasminsky (Canada)
Secretary—Leroy D. Stinebower
Assistant Secretary—Mrs. Eleanor Lansing Dulles

AUSTRALIA
Leslie G. Melville
James B. Brigden
Frederick H. Wheeler
Arthur H. Tange
BELGIUM
Camille Gutt
BOLOVIA
No designation
BRAZIL
No designation
CANADA
W. A. Mackintosh
L. Rasminsky
A. F. W. Plumptre
J. J. Deutsch
D. C. Abbott
J. A. Blanchette
CHILE
No designation
CHINA
Tingfu F. Tsiang
COLOMBIA
Carlos Lleras Restrepo
COSTA RICA
Luis D. Tinoco Castro
Jose Rafael Oreamuno
CUBA
No designation
CZECHOSLOVAKIA
Ladislav Feierabend
Jan Mladek
Antonin Basch
Josef Hanc
Ervin Hexner
DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez
ECUADOR
No designation
EGYPT
Sany Lackany Bey
Mahmoud Saleh El Falaky
Ahmed Selim
EL SALVADOR
Augustin Alfaro Moran
ETHIOPIA
Blatta Ephrem T. Medhen
FRENCH DELEGATION
Andre Istel
Raoul Aglion
Jean de Largentaye
Robert Mosse
GREECE
Kyriakos Varvaressos
Alexander Argyropoulos
GUATEMALA
Manuel Noriega Morales

(p. 2)

HAITI
Pierre Chauvet
HONDURAS
Julian R. Caceres
NORWAY
Wilhelm Keilhau
Ole Colbjornsen
Arne Skaug

ICELAND
Magnus Sigurdsson
INDIA
Sir A. J. Raisman
IRAN
Abol Hasan Ebtohaj
Hosein Navab
Taghi Nassr
IRAQ
Ibrahim Kamal
L. M. Swan
Ibrahim Al-Kabir
C. E. Lumb
LIBERIA
William E. Dennis
LUXEMBOURG
Hugues Le Gallais
MEXICO
Eduardo Suarez
Antonio Espinosa de los Monteros
NETHERLANDS
J. W. Beyen
D. Crena de Iongh
H. Riemens
J. J. Polak
C. H. Schoch
A. Broches
NEW ZEALAND
Walter Nash
B. C. Ashwin
B. R. Turner
A. G. B. Fisher
E. C. Fussell
NICARAGUA
Guillermo Sevilla Sacasa
J. Jesus Sanchez Roig
Leon DeBayle
PANAMA
Guillermo Arango
Narciso E. Garay
PARAGUAY
Celso R. Velazquez
Nestor M. Campos Ros
PERU
Pedro G. Beltran
Juvenal Monge
Emilio Barreto
PHILIPPINE COMMONWEALTH
Andres Soriano
Jaime Hernandez
Joseph H. Foley
Ismael Mathay
POLAND
Leon Baranski
UNION OF SOUTH AFRICA
J. E. Holloway
M. H. de Kock
W. C. Naude
UNION OF SOVIET SOCIALIST REPUBLICS
No designation
UNITED KINGDOM
No designation
UNITED STATES OF AMERICA
No designation
URUGUAY
Mario La Gamma Acevedo
Hugo Garcia
VENEZUELA
No designation
YUGOSLAVIA
Vladimir Rybar

COMMISSION I

Committee 1

Chairman—Dr. Tingfu F. Tsiang (China)
Reporter—Kyriakos Varvaressos (Greece)
Secretary—W. A. Brown
Assistant Secretary—J. P. Young

AUSTRALIA
Leslie G. Melville
James B. Brigden
Frederick H. Wheeler
Arthur H. Tange
BELGIUM
Baron Rene Boel
EL SALVADOR
Augustin Alfaro Moran
Raul Gamero C.
Victor Manuel Valdes
ETHIOPIA
Blatta Ephrem Medhen

749013—48—12

BOLIVIA
No designation
BRAZIL
Eugenio Gudin
CANADA
W. A. Mackintosh
L. Rasminsky
A. F. W. Plumptre
CHILE
Luis Alamos Barros
CHINA
Te-Liang Soong
COLOMBIA
No designation
COSTA RICA
No designation
CUBA
Ramiro Guerra y Sanchez
Eduardo Durruthy
CZECHOSLOVAKIA
Jan Mladek
Antonin Basch
Ernest Sturc
DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez
ECUADOR
E. F. Carbo
S. E. Duran Ballen
EGYPT
Sany Lackany Bey
Mahmoud Saleh El Falaky
Ahmed Selim

FRENCH DELEGATION
A. Istel
J. de Largentaye
R. Mosse
GREECE
Kyriakos Varvaressos
GUATEMALA
Manuel Noriega Morales
HAITI
Pierre Chauvet
HONDURAS
Julian R. Caceres
ICELAND
A. Asgeirsson
INDIA
Sir A. J. Raisman
Sir Theodore E. Gregory
Sir Shanmukham Chetty
Sir Chintaman D. Deshmukh
A. D. Shroff
IRAN
No designation
IRAQ
No designation
LIBERIA
William E. Dennis
LUXEMBOURG
Hugues Le Gallais
MEXICO
No designation

(p. 2)

NETHERLANDS
J. W. Beyen
D. Crena de Iongh
H. Riemens
NEW ZEALAND
Walter Nash
B. C. Ashwin
A. G. B. Fisher
E. C. Fussell
B. R. Turner
NICARAGUA
Leon DeBayle
J. Jesus Sanchez Roig
Guillermo Sevilla Sacasa
NORWAY
Wilhelm Keilhau
Arne Skaug
Kaare Petersen

PHILIPPINE COMMONWEALTH
Andres Soriano
Joseph H. Foley
POLAND
S. Kirkor
UNION OF SOUTH AFRICA
J. E. Holloway
M. H. de Kock
W. C. Naude
UNION OF SOVIET SOCIALIST REPUBLICS
A. P. Morozov
F. P. Bystrov
P. Titov
N. Ivanov
UNITED KINGDOM
Lionel Robbins
A. W. Snelling

PANAMA
Guillermo Arango
Narciso E. Garay
PARAGUAY
No designation
PERU
Pedro G. Beltran
Juan Chavez
Emilio Barreto
UNITED STATES OF AMERICA
No designation
URUGUAY
Mario La Gamma Acevedo
VENEZUELA
Rodolfo Rojàs
Cristobal L. Mendoza
M. Perez Guerrero
YUGOSLAVIA
Vladimir Rybar

COMMISSION I

Committee 2

Chairman—N. A. Maletin (U.S.S.R.)
Vice Chairman—W. A. Mackintosh (Canada)
Reporter—Robert Mosse (French Delegation)
Secretary—Karl Bopp
Assistant Secretary—Miss Alice Bourneuf

AUSTRALIA
Leslie G. Melville
James B. Brigden
Frederick H. Wheeler
Arthur H. Tange
BELGIUM
Georges Theunis
BOLIVIA
No designation
BRAZIL
Francisco Alves dos Santos Filho
CANADA
L. Rasminsky
W. A. Mackintosh
J. J. Deutsch
CHILE
German Riesco
CHINA
Tsu-Yee Pei
COLOMBIA
No designation
COSTA RICA
No designation
CUBA
Garcia Montes
Eduardo Durruthy
CZECHOSLOVAKIA
Antonin Basch
Jan Mladek
DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez
EL SALVADOR
Agustin Alfaro Moran
Raul Gamero C.
Victor Manuel Valdes
ETHIOPIA
George A. Blowers
FRENCH DELEGATON
A. Istel
J. de Largentaye
R. Mosse
GREECE
Kyriakos Varvaressos
GUATEMALA
Manuel Noriega Morales
HAITI
Pierre Chauvet
HONDURAS
No designation
ICELAND
S. Frimannsson
INDIA
Sir A. J. Raisman
Sir Theodore E. Gregory
Sir Shanmukham Chetty
Sir Chintaman D. Deshmukh
A. D. Shroff
IRAN
No designation
IRAQ
No designation
LIBERIA
James F. Cooper

ECUADOR
E. F. Carbo
S. E. Duran Ballen
EGYPT
Sany Lackany Bey
Mahmoud Saleh El Falaky
Ahmed Selim
LUXEMBOURG
Hugues Le Gallais
MEXICO
No designation

(p. 2)

NETHERLANDS
D. Crena de Iongh
A. Andriesse
A. Bestebreurtje
J. J. Polak
NEW ZEALAND
E. C. Fussell
A. G. B. Fisher
B. C. Ashwin
B. R. Turner
NICARAGUA
J. Jesus Sanchez Roig
Guillermo Sevilla Sacasa
Leon DeBayle
NORWAY
Ole Colbjornsen
Arne Skaug
Kaare Petersen
PANAMA
Guillermo Arango
Narciso E. Garay
PARAGUAY
No designation
PERU
Pedro G. Beltran
Juvenal Monge
Emilio G. Barreto
PHILIPPINE COMMONWEALTH
Andres Soriano
Joseph H. Foley
POLAND
Zygmunt Karpinski
UNION OF SOUTH AFRICA
J. E. Holloway
M. H. de Kock
W. C. Naude
UNION OF SOVIET SOCIALIST REPUBLICS
N. Maletin
A. Smirnov
L. Andreev
M. Chekmarev
N. Kuznetzov
UNITED KINGDOM
D. H. Robertson
G. F. Bolton
H. E. Brooks
UNITED STATES OF AMERICA
No designation
URUGUAY
Mario La Gamma Acevedo
VENEZUELA
Rodolfo Rojas
J. J. Gonzalez Gorrondona
M. Perez Guerrero
YUGOSLAVIA
Vladimir Rybar

Commission I

Committee 3

Chairman—Dr. de Souza Costa (Brazil)
Reporter—Dr. Ervin Hexner (Czechoslovakia)
Secretary—Malcolm Bryan
Assistant Secretary—J. H. Bitterman

AUSTRALIA
Leslie G. Melville
James B. Brigden
Frederick H. Wheeler
Arthur H. Tange
EL SALVADOR
Augustin Alfaro Moran
Raul Gamero C.
Victor Manuel Valdes

BELGIUM
Camille Gutt
BOLIVIA
No designation
BRAZIL .
Valentim Boucas
CANADA
J. J. Deutsch
J. A. Blanchette
D. C. Abbott
CHILE
Arturo Maschke Tornero
CHINA
Te-Mou Hsi
COLOMBIA
No designation
COSTA RICA
No designation
CUBA
Luis Machado
Manuel Menocal
CZECHOSLOVAKIA
Ervin Hexner
Josef Hanc
DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez
ECUADOR
S. E. Duran Ballen
E. F. Carbo
EGYPT
Sany Lackany Bey
Mahmoud Saleh El Falaky
Ahmed Selim

ETHIOPIA
George A. Blowers
FRENCH DELEGATION
J. de Largentaye
R. Aglion
GREECE
Alexander Argyropoulos
Kyriakos Varvaressos
GUATEMALA
Manuel Noriega Morales
HAITI
Pierre Chauvet
HONDURAS
No delegation
ICELAND
M. Sigurdsson
INDIA
Sir A. J. Raisman
Sir Theodore E. Gregory
Sir Shanmukham Chetty
Sir Chintaman D. Deshmukh
A. D. Shroff
IRAN
No designation
IRAQ
No designation
LIBERIA
Walter F. Walker
LUXEMBOURG
Hugues Le Gallais
MEXICO
No designation

(p. 2)

NETHERLANDS
J. W. Beyen
C. H. Schoch
NEW ZEALAND
A. G. B. Fisher
E. C. Fussell
B. C. Ashwin
B. R. Turner
NICARAGUA
Guillermo Sevilla Sacasa
Leon DeBayle
J. Jesus Sanchez Roig
NORWAY
Arne Skaug
Ole Colbjornsen
Kaare Petersen

POLAND
Janusz Zoltowski
UNION OF SOUTH AFRICA
J. E. Holloway
M. H. de Kock
W. C. Naude
UNION OF SOVIET SOCIALIST REPUBLICS
I. Slobin
M. Idashkin
N. Cheklin
UNITED KINGDOM
Sir Wilfred Eady
W. E. Beckett
G. L. F. Bolton
R. T. G. Miles

PANAMA
Guillermo Arango
Narciso E. Garay
PARAGUAY
No designation
PERU
Andres F. Dasso
PHILIPPINE COMMONWEALTH
Jaime Hernandez
Ismael Mathay
UNITED STATES OF AMERICA
No designation
URUGUAY
Hugo Garcia
VENEZUELA
Rodolfo Rojas
J. J. Gonzalez Gorrondona
M. Perez Guerrero
YUGOSLAVIA
Vladimir Rybar

COMMISSION I

Committee 4

Chairman—Manuel B. Llosa, Peru
Vice Chairman—
Reporter—Wilhelm Keilhau, Norway
Secretary—John Fuqua
Assistant Secretary—Colonel Charles M. Dyson

AUSTRALIA
Leslie G. Melville
James B. Brigden
Frederick H. Wheeler
Arthur H. Tange
BELGIUM
Joseph Nisot
BOLIVIA
No designation
BRAZIL
Octavio Bulhoes
CANADA
D. C. Abbott
A. F. W. Plumptre
J. A. Blanchette
CHILE
Fernando Mardones Restat
CHINA
Victor Hoo
COLOMBIA
No designation
COSTA RICA
No designation
CUBA
Felipe Pazos
Miguel Perez
CZECHOSLOVAKIA
Josef Hanc
Ervin Hexner
DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez
EGYPT
Sany Lackany Bey
Mahmoud Saleh El Falaky
Ahmed Selim
EL SALVADOR
Agustin Alfaro Moran
Raul Gamero C.
Victor Manuel Valdes
ETHIOPIA
Blatta Ephrem T. Medhen
FRENCH DELEGATION
Raoul Aglion
Jean de Largentaye
GREECE
Athanase Sbarounis
Kyriakos Varvaressos
GUATEMALA
Manuel Noriega Morales
HAITI
Pierre Chauvet
HONDURAS
No designation
ICELAND
Magnus Sigurdsson
INDIA
Sir Chintaman D. Deshmukh
Sir Theodore E. Gregory
IRAN
No designation
IRAQ
No designation

ECUADOR
Sixto E. Duran Ballen
Esteban F. Carbo

LIBERIA
William E. Dennis

(p. 2)

LUXEMBOURG
Hugues Le Gallais

MEXICO
No designation

NETHERLANDS
A. H. Philipse
A. Broches

NEW ZEALAND
B. C. Ashwin
E. C. Fussell
A. G. B. Fisher
B. R. Turner

NICARAGUA
Leon DeBayle
J. Jesus Sanchez Roig
Guillermo Sevilla Sacasa

NORWAY
Wilhelm Keilhau
Ole Colbjornsen
Kaare Petersen

PANAMA
Guillermo Arango
Narciso E. Garay

PARAGUAY
No designation

PERU
Manuel B. Llosa
Juvenal Monge
Emilio Barreto Latzeh

PHILIPPINE COMMONWEALTH
Jaime Hernandez
Ismael Mathay

POLAND
Leon Baranski

UNION OF SOUTH AFRICA
J. E. Holloway
M. H. de Kock
W. C. Naude

UNION OF SOVIET SOCIALIST REPUBLICS
A. Arutinian
F. Bystrov
N. Panchenko

UNITED KINGDOM
Nigel Bruce Ronald
William E. Beckett

UNITED STATES OF AMERICA
No designation

URUGUAY
Hugo Garcia

VENEZUELA
Rodolfo Rojas
Cristobal C. Mendoza
Alfonso Espinoza
Manuel Perez Guerrero

YUGOSLAVIA
Vladimir Rybar

Commission II

Chairman—Lord Keynes (U.K.)
Vice Chairman—Luis Alamos Barros (Chile)
Reporting Delegate—Georges Theunis (Belgium)
Secretary—A. Upgren
Assistant Secretary—A. Smithies

AUSTRALIA
Leslie G. Melville
James B. Brigden
Frederick H. Wheeler
Arthur H. Tange

BELGIUM
Camille Gutt

BOLIVIA
No designation

FRENCH DELEGATION
Andre Istel
Raoul Aglion
Jean de Largentaye
Robert Mosse

GREECE
Kyriakos Varvaressos
Athanase Sbarounis

BRAZIL
No designation
CANADA
L. Rasminsky
W. A. Mackintosh
A. F. W. Plumptre
J. J. Deutsch
CHILE
No designation
CHINA
Yee-Chung Koo
COLOMBIA
Miguel Lopez Pumareje
COSTA RICA
Francisco de P. Gutierrez Ross
Jose Rafael Oreamuno
CUBA
No designation
CZECHOSLOVAKIA
Ladislav Feierabend
Antonin Basch
DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez
ECUADOR
No designation
EGYPT
No designation
EL SALVADOR
No designation
ETHIOPIA
George A. Blowers
GUATEMALA
Manuel Noriega Morales
HAITI
Andre Liautaud
HONDURAS
Julian R. Caceres
ICELAND
Magnus Sigurdsson
INDIA
Sir A. J. Raisman
IRAN
Taghi Nassr
A. H. Ebtehaj
A. A. Daftary
IRAQ
Ibrahim Kamal
L. M. Swan
Ibrahim Al-Kabir
C. E. Lumb
LIBERIA
James E. Cooper
LUXEMBOURG
Hugues Le Gallais
MEXICO
Eduardo Suarez
Daniel Cosio Villegas
NETHERLANDS
J. W. Beyen
D. Crena de Iongh
A. H. Philipse
A. Andriesse
A. Bestebreurtje

(p. 2)

NEW ZEALAND
Walter Nash
B. C. Ashwin
A. G. B. Fisher
E. C. Fussell
B. R. Turner
NICARAGUA
Leon DeBayle
Guillermo Sevilla Sacasa
J. Jesus Sanchez Roig
NORWAY
Ole Colbjernsen
Wilhelm Keilhau
Arne Skaug
PANAMA
Guillermo Arango
Narciso E. Garay
PHILIPPINE COMMONWEALTH
Andres Soriano
Jaime Hernandez
Joseph H. Foley
Ismael Mathay
POLAND
Ludwik Grosfeld
UNION OF SOUTH AFRICA
M. H. de Kock
J. E. Holloway
W. C. Naude
UNION OF SOVIET SOCIALIST REPUBLICS
No designation
UNITED KINGDOM
No designation
UNITED STATES OF AMERICA
No designation

PARAGUAY
Celso R. Velazquez
Nestor M. Campos Ros
PERU
Andres F. Dasso
Juvenal Monge
URUGUAY
Mario La Gamma Acevedo
Hugo Garcia
VENEZUELA
No designation
YUGOSLAVIA
Vladimir Rybar

Commission II

Committee 1

Chairman—Representative of Netherlands
Reporter—Representative of Costa Rica

AUSTRALIA
Leslie G. Melville
James B. Brigden
Frederick H. Wheeler
Arthur H. Tange
BELGIUM
Baron Rene Boel
BOLIVIA
No designation
BRAZIL
Eugenio Gudin
CANADA
No designation
CHILE
Luis Alamos
CHINA
Te-Mou Hsi
COLOMBIA
No designation
COSTA RICA
No designation
CUBA
Ramiro Guerra
Eduardo Durruthy
CZECHOSLOVAKIA
Ervin Hexner
Jan Mladek
Ernest Sturc
DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez
ECUADOR
E. F. Carbo
S. E. Duran Ballen
EGYPT
No designation
FRENCH DELEGATION
A. Istel
J. de Largentaye
R. Mosse
GREECE
K. Varvaressos
GUATEMALA
Manuel Noriega Morales
HAITI
Andre Liautaud
HONDURAS
No designation
ICELAND
A. Asgeirsson
INDIA
Sir Chintaman D. Deshmukh
IRAN
No designation
IRAQ
No designation
LIBERIA
James E. Cooper
LUXEMBOURG
Hugues Le Gallais
MEXICO
No designation
NETHERLANDS
J. W. Beyen
A. H. Philipse
J. J. Polak
NEW ZEALAND
Walter Nash
B. C. Ashwin
A. G. B. Fisher
E. C. Fussell
B. R. Turner

EL SALVADOR
No designation
ETHIOPIA
Blatta Ephrem T. Medhen

(p. 2)
NORWAY
No designation
PANAMA
Guillermo Arango
Narciso E. Garay
PARAGUAY
No designation
PERU
Pedro G. Beltran
Andres F. Dasso
Juvenal Monge
Emilio G. Barreto
PHILIPPINE COMMONWEALTH
Andres Soriano
Joseph H. Foley
POLAND
Leon Baranski

NICARAGUA
J. Jesus Sanchez Roig
Guillermo Sevilla Sacasa
Leon DeBayle

UNION OF SOUTH AFRICA
No designation
UNION OF SOVIET SOCIALIST REPUBLICS
A. Morozov
E. Bystrov
P. Titov
UNITED KINGDOM
No designation
UNITED STATES OF AMERICA
No designation
URUGUAY
Mario La Gamma Acevedo
VENEZUELA
No designation
YUGOSLAVIA
Vladimir Rybar

COMMISSION II

Committee 2

Chairman—Representative of Cuba
Reporter—Representative of Australia

AUSTRALIA
Leslie G. Melville
James B. Brigden
Frederick H. Wheeler
Arthur H. Tange
BELGIUM
Georges Theunis
BOLIVIA
No designation
BRAZIL
Francisco Alves dos Santos Filho
CANADA
No designation
CHILE
German Riesco
CHINA
Tsu-Yee Pei
COLOMBIA
No designation
COSTA RICA
No designation

EL SALVADOR
No designation
ETHIOPIA
George A. Blowers
FRENCH DELEGATION
Andre Istel
Robert Mosse
Jean de Largentaye
GREECE
Kyriakos Varvaressos
GUATEMALA
Manuel Noriega Morales
HAITI
Andre Liautaud
HONDURAS
No designation
ICELAND
Sveinbjorn Frimannsson
INDIA
No designation
IRAN
No designation

CUBA
Garcia Montes
Eduardo Durruthy

CZECHOSLOVAKIA
Jan Mladek
Antonin Basch

DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez

ECUADOR
E. F. Carbo
S. E. Duran Ballen

EGYPT
No designation

IRAQ
No designation

LIBERIA
William E. Dennis

LUXEMBOURG
Hugues Le Gallais

MEXICO
No designation

NETHERLANDS
D. Crena de Iongh
A. Andriesse
A. Bestebreurtje

(p. 2)

NEW ZEALAND
E. C. Fussell
A. G. B. Fisher
B. C. Ashwin
B. R. Turner

NICARAGUA
Guillermo Sevilla Sacasa
Leon DeBayle
J. Jesus Sanchez Roig

NORWAY
No designation

PANAMA
Guillermo Arango
Narciso E. Garay

PARAGUAY
No designation

PERU
Alberto Alvarez Calderon
Juvenal Monge

PHILIPPINE COMMONWEALTH
Andres Soriano
Joseph H. Foley

POLAND
Leon Baranski

UNION OF SOUTH AFRICA
No designation

UNION OF SOVIET SOCIALIST REPUBLICS
N. Chechulin
A. Smirnov
A. Borisov
Mrs. L. Gouseva

UNITED KINGDOM
No designation

UNITED STATES OF AMERICA
No designation

URUGUAY
Mario La Gamma Acevedo

VENEZUELA
No designation

YUGOSLAVIA
Vladimir Rybar

Commission II

Committee 3

Chairman—Representative of Brazil
Reporter—Representative of Peru

AUSTRALIA
Leslie G. Melville
James B. Brigden
Frederick H. Wheeler
Arthur H. Tange

ETHIOPIA
George A. Blowers

FRENCH DELEGATION
J. de Largentaye
R. Aglion

BELGIUM
B. S. Chlepner
BOLIVIA
No designation
BRAZIL
Francisco Alves dos Santos Filho
CANADA
No designation
CHILE
Arturo Maschke Tornero
CHINA
Ts-Liang Soong
COLOMBIA
No designation
COSTA RICA
No designation
CUBA
Luis Machado
Manuel Menocal
CZECHOSLOVAKIA
Antonin Basch
Ernest Sturc
DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez
ECUADOR
S. E. Duran Ballen
E. F. Carbo
EGYPT
No designation
EL SALVADOR
No designation

GREECE
Alexander Argyropoulos
Kyriakos Varvaressos
GUATEMALA
Manuel Noriega Morales
HAITI
Andre Liautaud
HONDURAS
No designation
ICELAND
M. Sigurdsson
INDIA
No designation
IRAN
No designation
IRAQ
No designation
LIBERIA
Walter E. Walker
LUXEMBOURG
Hugues Le Gallais
MEXICO
No designation
NETHERLANDS
J. W. Beyen
H. Riemens
NEW ZEALAND
A. G. B. Fisher
E. C. Fussell
C. B. Ashwin
B. R. Turner

(p. 2)

NICARAGUA
Leon DeBayle
Guillermo Sevilla Sacasa
J. Jesus Sanchez Roig
NORWAY
No designation
PANAMA
Guillermo Arango
Narciso E. Garay
PARAGUAY
No designation
PERU
Alberto Alvarez Calderon
Juan Chavez
PHILIPPINE COMMONWEALTH
Jaime Hernandez
Ismael Mathay
POLAND
Janusz Zoltowski

UNION OF SOUTH AFRICA
No designation
UNION OF SOVIET SOCIALIST REPUBLICS
I. Slobin
M. Idashkin
N. Cheklin
UNITED KINGDOM
No designation
UNITED STATES OF AMERICA
No designation
URUGUAY
Hugo Garcia
VENEZUELA
No designation
YUGOSLAVIA
Vladimir Rybar

Commission II

Committee 4

Chairman—Representative of India
Reporter—Representative of Poland

AUSTRALIA
Leslie G. Melville
James B. Brigden
Frederick H. Wheeler
Arthur H. Tange
BELGIUM
Joseph Nisot
BOLIVIA
No designation
BRAZIL
Valentim Boucas
CANADA
No designation
CHILE
Fernando Mardones Restat
CHINA
Kuo-Ching Li
COLOMBIA
No designation
COSTA RICA
No designation
CUBA
Felipe Pazos
Miguel Perez
CZECHOSLOVAKIA
Josef Hanc
Ernest Sturc
DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez
ECUADOR
Sixto E. Duran Ballen
Esteban F. Carbo
EGYPT
No designation
EL SALVADOR
No designation
ETHIOPIA
Blatta Ephrem T. Medhen
FRENCH DELEGATION
Raoul Aglion
Jean de Largentaye
GREECE
Athanase Sbarounis
Kyriakos Varvaressos
GUATEMALA
Manual Noriega Morales
HAITI
Andre Liautaud
HONDURAS
No designation
ICELAND
Magnus Sigurdsson
INDIA
No designation
IRAN
No designation
IRAQ
No designation
LIBERIA
James F. Cooper
LUXEMBOURG
Hugues Le Gallais
MEXICO
No designation
NETHERLANDS
C. H. Schoch
A. Broches
NEW ZEALAND
B. C. Ashwin
E. C. Fussell
A. G. B. Fisher
B. R. Turner
NICARAGUA
J. Jesus Sanchez Roig
Leon DeBayle
Guillermo Sevilla Sacasa

(p. 2)

NORWAY
No designation
PANAMA
Guillermo Arango
Narciso E. Garay
UNION OF SOVIET SOCIALIST REPUBLICS
A. Arutinian
F. Bystrov
N. Panchenko

PARAGUAY
No designation
PERU
Manuel B. Llosa
Alberto Alvarez Calderon
PHILIPPINE COMMONWEALTH
Jaime Hernandez
Ismael Mathay
POLAND
Stanislaw Kirkor
UNION OF SOUTH AFRICA
No designation
UNITED KINGDOM
No designation
UNITED STATES OF AMERICA
No designation
URUGUAY
Hugo Garcia
VENEZUELA
No designation
YUGOSLAVIA
Vladimir Rybar

COMMISSION III

Chairman—Eduardo Suarez (Mexico)
Vice Chairman—Mahmoud Saleh El Falaky (Egypt)
Reporting Delegate—A. G. B. Fisher (New Zealand)
Secretary—O. Schmidt
Assistant Secretary—L. Casaday

AUSTRALIA
Leslie G. Melville
James B. Brigden
Frederick H. Wheeler
Arthur H. Tange
BELGIUM
Baron de Gruben
BOLIVIA
No designation
BRAZIL
Valentim Boucas
Eugenio Gudin
Octavio Bulhoes
CANADA
W. A. Mackintosh
L. Rasminsky
A. F. W. Plumptre
J. J. Deutsch
CHILE
Luis Alamos
German Riesco
Arturo Maschke Tornero
Fernando Mardones Restat
CHINA
Kuo-Ching Li
COLOMBIA
Sr. Victor Dugand
ECUADOR
No designation
EGYPT
No designation
EL SALVADOR
No designation
ETHIOPIA
Blatta Ephrem T. Medhen
FRENCH DELEGATION
Andre Istel
Raoul Aglion
Jean de Largentaye
GREECE
Kyriakos Varvaressos
Alexander Argyropoulos
Athanase Sbarounis
GUATEMALA
Manual Noriega Morales
HAITI
Andre Liautaud
Pierre Chauvet
HONDURAS
Julian R. Caceres
ICELAND
Asgeir Asgeirsson
INDIA
No designation

COSTA RICA
Fernando Madrigal
J. Rafael Oreamuno

CUBA
Manuel Menocal
Garcia Montes

CZECHOSLOVAKIA
Ladislav Feierabend
Ervin Hexner
Antonin Basch
Josef Hanc
Jan Mladek

DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez

IRAN
A. A. Daftary
Hosein Navab

IRAQ
Senator Ibrahim Kamal
L. M. Swan
Ibrahim Al-Kabir
Claude E. Lumb

LIBERIA
Walter F. Walker

LUXEMBOURG
Hughes Le Gallais

(p. 2)

MEXICO
Eduardo Suarez
Rodrigo Gomez
Victor Urquidi

NETHERLANDS
J. W. Beyen
D. Crena de Iongh

NEW ZEALAND
Walter Nash
Bernard Carl Ashwin
Edward C. Fussell
Bruce R. Turner

NICARAGUA
J. Jesus Sanchez Roig
Guillermo Sevilla Sacasa
Leon DeBayle

NORWAY
No designation

PANAMA
Guillermo Arango
Narciso E. Garay

PARAGUAY
Celso R. Velazquez
Nestor M. Campos Ros

PERU
Pedro G. Beltran
Andres F. Dasso
Alberto Alvarez Calderon
Juvenal Monge

PHILIPPINE COMMONWEALTH
Andres Soriano
Jaime Hernandez
Joseph H. Foley
Ismael Mathay

POLAND
Leon Baranski

UNION OF SOUTH AFRICA
S. F. N. Gie
J. E. Holloway
M. H. de Kock
W. C. Naude

UNION OF SOVIET SOCIALIST REPUBLICS
I. D. Slobin
M. M. Idashkin
N. I. Cheklin

UNITED KINGDOM
No designation

UNITED STATES OF AMERICA
No designation

URUGUAY
Mario La Gamma Acevedo
Hugo Garcia

VENEZUELA
No designation

YUGOSLAVIA
Vladimir Rybar

Document 157

DP/6

Address Delivered Before Committee 2 of Commission I, by Antonio Espinosa de los Monteros, Mexican Delegate, in Support of Mexico's Proposal on Silver, on July 5, at 6:30 p.m.

MISTER CHAIRMAN, FELLOW DELEGATES:

On behalf of the Mexican Delegation I want to explain why we are making this proposal.

It is easy to misunderstand our position. Mexico produces 40% of all the silver. Therefore, one could think, Mexico is interested, above all, in furthering the interests of her mining industry.

However, we do not come before this High Assembly of Nations as the largest producers of silver. Certainly nobody could believe that the gold-producing nations are represented here to further their own interests. Rather, we are all here to present our common monetary problems, and to seek an agreement on how to meet them in the brotherly spirit of cooperation.

We wish to emphasize, then, that Mexico wants to present to your consideration a strictly monetary problem. We believe that this problem has international implications, undoubtedly small in economic significance for the world as a whole, but certainly large and vital for some members of the community of nations. Furthermore, we are certain that this problem has never received the unprejudiced consideration it deserves by the nations which do not have to face the same difficulties.

Mexico's problem derives from the fact that her people continue to hoard large amounts of silver coins. They, of course, have been doing that for centuries. They know not as yet any of the great advantages of savings banks and fiduciary currencies. Nor do they seem to be very anxious to learn about them. When they can they hoard silver and nothing else, probably because all their ancestors have always done so, and certainly because their personal income does not permit them to hoard gold.

Because of this fact, Mexicans absorb large quantities of silver coins when their income is increasing, and return them to the Central Bank when they have to draw on their savings. This simply means that our Central Bank has to invest heavily in silver, during the upward swing of the trade cycle when the price of silver is naturally higher. On the other hand, the Bank is compelled to cash it in foreign markets, during the downward swing, exactly when silver is cheaper. Thus, our Central Bank loses not only the difference between the buying and selling prices, but also the recurrent minting and melting costs.

Therefore, it is evident that because of the hoarding requirements of our people, Mexico has to invest in silver a large part of her international balances of gold and gold-convertible currencies when her balance of payments is favorable. But when the situation is (p. 2) reversed, she has to sell that silver in order to support the parity of the peso, in the bargain she is always the loser, since there is no manner in which she can hedge against the fluctuations of silver.

This is the essence of Mexico's problem. Is it not true that many other Nations partake of this same risk? Is it too much to expect that the Fund extend credit facilities specially adopted to meet this special need? It might be said that the Fund, under the proposed provisions, is already authorized to waive all specific conditions set forth under Article III, Section 2 of the Draft, precisely in order to meet exceptional cases. But Mexico's case is not exceptional. Her problem is, we believe, common to several countries, and it is besides recurrent in character. Should not the Fund, which is essentially an instrument for international cooperation, be authorized specifically to extend credit to the silver-hoarding countries of the world?

Specifically, then, Mexico is proposing that the Fund shall extend credits to the silver-hoarding Nations over and above the normal credits extended by the Fund to all countries. Mexico, furthermore, proposes the silver hoarding of her nationals as an adequate collateral security.

Should the Conference adopt this proposal, henceforth Mexico and the countries which have the same problem will not have recurrently to buy and coin silver only to melt and sell it again. Instead of that wasteful and unnecessary process, whenever a silver-hoarding country is running short of foreign exchange with which to maintain the parity of its monetary unit, the Fund would provide that exchange as a credit, with the understanding that all the risks due to fluctuation in the price of silver will remain with the borrowing country.

The Mexican Delegation feels certain that this proposal will be supported by all the Delegates, inasmuch as the amounts of the Fund's resources needed for the purpose will be relatively small, and adequately safe-guarded, and above all because the approval of Mexico's proposal would be an act of elementary international justice.

749013—48—13

Document 161

SA/1/18

Alternative I

(Substitute for Joint Statement I, subdivision 2)
(Proposed as substitute for Alternative C, p. 1b)

2. 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 to the development of the resources and productive power of all member countries, with due regard to the needs of economically backward countries.

7/6/44 J.S. Art. I

Document 162

DP/7

Indian Delegation

The following revised amendment to the JOINT STATEMENT I, Subdivision 2 is proposed by the Indian Delegation:—

ALTERNATIVE I

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 to the development of the resources and productive power of all member countries, with due regard to the needs of economically backward countries.

Document 164

(p. 18(b)) SA/1/19

ALTERNATIVE C

* Section 5. *Uniform Changes in Par Values.*

Notwithstanding the provisions of Section 2 of this Article, the Fund may make uniform proportionate changes in the par values of the currencies of all the members, provided each such change is approved (a) by a majority vote and (b) by at least one-third of the members, and (c) by every member which has 10% or more of the aggregate votes. *Such uniform changes shall be excluded from consideration in applying the provisions of Sections 4(3) and (4) of this Article.* (J.S. IV, 4).

Document 166

(p. 16) SA/1/20

JOINT STATEMENT IV, 1.

IV. Par Values of Member Currencies.

1. The par value of a member's currency shall be agreed with the Fund when it is admitted to membership, and shall be expressed in terms of gold. All transactions between the Fund and members shall be at par, subject to a fixed charge payable by the member making application to the Fund, and all transactions in member currencies shall be at rates within an agreed percentage of parity.

Alternative A

& Section 1. *Par Values of the Currencies of Members.*

The par value of the currency of each member shall be expressed in terms of gold, *as a common denominator, or in terms of a gold-convertible currency unit of the weight and fineness in effect on July 1, 1944. 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.*

The provisions of this Section shall apply to the case in which a uniform proportionate change is made in the par values of the currencies of all members, unless at the time when such a change is proposed to be made the Fund shall declare them to be inapplicable.

7/1/44 J.S. Art. IV Sec. 1

Document 167

DP/8

Statement by Mahmoud Saleh el Falaki, Delegate for Egypt in Support of Alternative H, Article I, "Purposes and Policies of the Fund"

Made Before the Meeting of Committee 1 of Commission I on July 6, 1944

I venture to say a few words about the question of indebtedness that has arisen during the war.

Some countries have accumulated large balances in foreign currencies. Owing to the magnitude of those balances, the problem of realizing them becomes quite difficult.

The repayment of those balances after the war by the debtor country can be effected only in three ways:-

(1) Either by exporting more than is imported, when the surplus will go to repayment,

(2) Or by allowing the conversion of those balances into other currencies,

(3) Or by gold or by some combination of these.

As to (1) exports exceeding imports: Here we must allow for some appreciable time to elapse for the war machine of the debtor country to be transformed into a "peace machine" before any appreciable production can be made available, and then presumably some sort of priorities would have to be adopted to meet the most urgent needs first.

As to the conversion of the balances into other currencies—to my mind, the ease of this transfer will to some extent depend upon what success is achieved in the elaboration of a truly International Exchange and Trading regime.

As to gold, this will depend upon the stocks available.

What I have been driving at at this stage is to show that there are great difficulties, we realise those difficulties and we realise them fully and in the most friendly manner.

However, I beg to differ from the opinion expressed that these matters should best be the subject of bilateral negotiations.

I also differ from the opinion that some provision for the settlement of those debts within the Fund must necessarily bear unduly upon the Fund. Perhaps the existence, outside the scope of the Fund of a difficult financial problem unsolved, may react upon the efficiency of the Fund itself. In fact the Unitas scheme provided for the liquidation of such assets. The British scheme also made some sort of indirect provision.

The American proposal was that the Fund should be free to buy a part of those balances from the creditor country, and (p. 2) pay for them in currencies of other countries to the extent that the creditor country needs them *immediately to meet an adverse balance of payments.* But if the creditor country is running a *surplus on income account,* the scheme would then not apply, in other words, creditor countries would be entitled to draw upon its credit balances only in case of an adverse balance of payments. Repayment by the debtor to the Fund might be postponed for three years to allow a breathing space.

After the 3 years the debtor country might repurchase the balances from the Fund, for gold or free currencies, at the rate of 2 per cent per annum over 20 years. The debtor country was to be required to pay off 80 per cent of the balances in free currency over 20 years. The 20 per cent that would remain after 23 years would then be the subject of Consultation between the debtor country and the Fund.

If I understand rightly, the British scheme in proposing to allow countries to open their account in the Union with an *overdraft,* seemed to face the possibility of transferring those credit balances into other currencies.

The Joint Statement of experts, however, avoided the question completely, the only explanation given being that it would bear unduly on the new institution. I firmly believe that if the problem of indebtedness arising out of the war were completely left out—it would not only *not* relieve the Fund, but might possibly weaken the whole mechanism of the Fund.

I would, therefore, put forward that some sort of provision be made in the Fund for some sort of arrangement, due account being taken of the difficulties that are involved and are inherent in the matter.

The whole thing is important because in Egypt some credit balances represent *depreciation on capital equipment* that must necessarily be replaced after the war—which depreciation would prevent us from playing our full part in the development and expansion of both domestic and foreign trade. The expansion of the latter being the objective of the Fund.

One or two instances may illustrate appropriately our concern: The productivity of our agricultural land in Egypt has deteriorated substantially. The yield per acre has fallen and is falling. This is due partly to lack of imported fertilizers through shipping space difficulties, and partly also through an unsuitable rotation of crops dictated and forced upon us by the circumstances of the war. Our State Railways have suffered from heavy wear and tear and the impossibility of replacing worn out or damaged stock. Our industrial plant is suffering from lack of renewals or even sufficient maintenance. Our auxiliary transport can be said to be literally running on the rim. This is really why we feel that we ought to take up the question.

Our productive capacity must therefore be fully restored, if we are to contribute towards an expansion of international trade and with it a rise in the level of employment and real incomes which is the main objective of economic policy as set down by the Fund.

Document 168

(p. 26)

JOURNAL

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

No. 7 Bretton Woods, New Hampshire July 7, 1944

ORDER OF THE DAY

Meetings for Friday, July 7

9:30 a.m.	Committee 3 of Commission I	The Hemicycle
10 a.m.	Drafting Committee of Committee 1 of Commission I	Room A
2:30 p.m.	Committee 2 of Commission I	Auditorium
2:30 p.m.	Committee 4 of Commission I	The Hemicycle

(p. 27)

Resumés of Committee Meetings

Steering Committee

(July 6, 2 p.m. and 9 p.m.)

The Steering Committee met at 2 p.m. and 9 p.m. on July 6 to discuss the progress of the work of the Conference. The decisions reached by the Committee are being circulated separately as document no. 175.

The Steering Committee also set up a subcommittee composed of members of the Union of Soviet Socialist Republics, United Kingdom, and the United States, with full powers to discharge the duties of the Committee under article 9 (c) of the Regulations of the Conference concerning the attendance of other persons at sessions of the Conference, its Commissions and Committees.

Committee 1 of Commission I

Purposes, Policies, and Quotas of the Fund

(July 6, 10 a.m.)

Committee 1 of Commission I discussed and accepted the report of the drafting committee, although with reservations on the part of certain delegations regarding the revised language of article I, section 2. Alternative H to article I, which adds as a purpose of the Fund the liquidation of war balances, was discussed and referred to Commission I. Alternative A, section 6 (p. 4), dealing with payments when quotas are changed, was approved. Alternatives B and C (p. 4a), relating to gold payments by countries suffering from enemy occupation, was referred to the *ad hoc* committee of Commission I dealing with problems of liberated countries. Article IX, section 2 (p. 38), and section 3 (a) and (b) (p. 39) were referred to the drafting committee. Section 3 (c) (p. 39) was referred to the drafting committee. Alternative A, section 4 (p. 40), was referred to Commission I for clarification.

(The minutes of this meeting are being distributed separately as document no. 172.)

Committee 2 of Commission I

Operations of the Fund

(July 6, 2:30 p.m.)

The fourth meeting of Committee 2 of Commission I was held on July 6 at 2:30 p.m. The Committee continued its discussion of article III, Transactions with the Fund. The Chairman announced the names of the delegations asked to designate members of the language committee and of the *ad hoc* committee to consider Alternative A, section 2 (3) (p. 6a of Document SA/1), Alternative B (p. 6b), Alternative D (p. 6c), and Alternative F (p. 6e). The Committee agreed to defer action on Alternative E (p. 6d), and (p. 28) Alternatives A and B (p. 13). The Committee referred Alternatives A and B (p. 15) to the language committee.

The Committee approved Alternative A (p. 16). The Committee agreed to revise Alternative A, section 5 (2) (p. 8), to read "Buy that currency from that member with gold". Alternative B (p. 8) was withdrawn.

(The minutes of this meeting are being distributed separately as document no. 171.)

Committee 3 of Commission I

Organization and Management of the Fund

(July 6, 10 a.m.)

The Committee accepted without change article VII, section 5 (p. 28); article VII, section 6, paragraph (a) (p. 29); and article VII, section 11 (5). The Committee referred article VII, section 6 (b) (p. 29), to Commission I for decision. Alternative C, article VII, section 6 (p. 29a), was dropped by general consent. The Committee did not reach agreement on Alternatives of article VII, section 2—The Executive Directors. The three Alternatives before the Committee were referred to a special subcommittee for report. The Committee took no action on article VII, section 8 (p. 30); article VII, section 11 (1), (2), and (3) (p. 33); and article VIII, section 1 (p. 34), pending clarification of their possible assignment to Committee 4.

(The minutes of this meeting are being distributed separately as document no. 173.)

Committee 4 of Commission I

Form and Status of the Fund

(*July 6, 2:30 p.m.*)

The third meeting of Committee 4 of Commission I was held on July 6 at 2:30 p.m. Members of the "asterisk committee" were appointed. The subcommittee to review article XI, section 7, reported substantial agreement. Article VII, section 8, was recommended for approval. In the case of article VII, section 11, items 1, 2, and 3, a modification in wording was approved by the Committee. Article VIII, section 1, Alternative A, was approved after considerable discussion. By agreement between the Chairmen of Committees 3 and 4, article VIII, section 2, will be discussed by Committee 3 instead of Committee 4. Article XI and Article XII, section 1, were referred to the "asterisk committee" for further consideration.

(The minutes of this meeting are being distributed separately as document no. 174.)

(p. 29)

Agenda Committee of Commission II

Bank for Reconstruction and Development

(*July 6, 4:45 p.m.*)

The Agenda Committee of Commission II met at 4:45 p.m. on July 6 and agreed to a procedure by which it is hoped there soon may be distributed to all delegations copies of a preliminary draft "Agreement to Establish a Bank for Reconstruction and Development"—a revised combination of the preliminary draft outline of a proposal for "A Bank for Reconstruction of the United and Associated Nations" of November 1943 (United States) and the revision of June 29, 1944 (United Kingdom).

Notice Concerning Printed List of Delegations

Preparation of material for the definitive printed list of delegations is now under way. Corrections and revisions which have been requested by the delegations through the Office of the Secretary General and the Registration and Information Desk have been entered. In order that the appropriate officer of each delegation may inspect the information concerning his delegation as it will appear in the final list and also in order that he may have an opportunity to make any additional revisions, a member of the editorial staff of the *Journal* will call at the office of each delegation today. Any further changes may be made at the *Journal* office (room 69) before 6 p.m. on Saturday, July 8.

Document 169

SA/2

Proposal for a Bank for Reconstruction and Development

The Agenda Committee of Commission II propose that the attached draft should be taken as the initial basis for discussion and amendment. It is not to be regarded as the proposal of any Delegation, nor is any Delegation committed to it.

Delegations are invited to send to the Secretariat (Mr. Upgren, Room 147) by 7 o'clock on Saturday, 8th July, any amendments, suggestions or proposals which they may have ready by that time for incorporation in the first edition of a text incorporating alternatives to be circulated for discussion. This will not preclude any Delegation from submitting further proposals at a later time. Papers received by the time named above will be assembled by the Secretariat and considered by a meeting of the Agenda Committee at 5 p.m. on Sunday, 9th July.

It will be much appreciated if, where this can be done without inconvenience, Delegations will supply the Secretariat with 25 copies of any papers they send in.

The Agenda Committee suggests, having regard to the shortness of time available, that Delegations need not be at the trouble of attempting to draft their proposals in legal form. It will be sufficient if the substantial intention of any addition or amendment which they wish to have discussed is communicated to the Agenda Committee at this stage. There will be a later opportunity of casting them into proper form.

7/6/44

(p. 1)

Agreement to Establish a Bank for Reconstruction and Development

See note below

Article I.

Purposes of the Bank

I.M.F. I

The bank shall be guided in all its decisions by the following purposes:

U.S. I slightly revised. (U.K. I, 1-5)

1. *To* assist in the reconstruction and development of member countries by facilitating provision of long-term investment capital for productive purposes through private financial agencies, *by means of* guaranteeing and participating in the loans made by private investors;

2. *To* supplement private financial agencies by providing capital for productive purposes out of its own resources, on conditions that amply safeguard its fund, when private capital is not available on reasonable terms;

3. *To* promote the long-range balanced growth of international trade by encouraging international investment for the development of the productive resources of member countries;

U.K. III, 8 (moved & revised)

4. *To* coordinate loans made or guaranteed by it with international loans through other channels so that the more useful and urgent projects will be dealt with first.

5. *To conduct its* operations *with due regard to* the effect of international investment on business conditions in member countries *and,* in the immediate post-war years, to assist in bringing about a smooth transition from a wartime to a peacetime economy.

NOTE: Symbols used in marginal notes.
U.S.—Printed plan of November 24, 1943.
U.K.—Mimeographed draft outline of June 25, 1944.
I.M.F.—Latest mimeographed version of Agreement for Fund using Alternative A in all cases.

7/6/44 Art. I

(p. 2)

Article II.

Membership in and Capital of the Bank

Section 1. *Countries Eligible for Membership*

I.M.F. II, 1

The members of the Bank shall be those members of the International Monetary Fund which accept membership in the Bank.

Section 2. *Authorized Capital.*

U.S. II, 1 slightly revised

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——————. 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.

New

The capital stock may be increased when the Bank deems it advisable by four-fifths of the aggregate votes.

Section 3. *Subscription for Stock.*

U.S. II, 3 revised

Each member shall subscribe for shares of stock. The minimum numbers of shares to be subscribed by countries represented at the United Nations Monetary and Financial Conference shall be those set forth in Schedule A. (Schedule A to be added later). The minimum number of shares for other countries which become members of the Bank shall be determined by the Bank.

Any member may subscribe for additional shares of stock in accordance with rules to be established by the Bank, except that a part of the authorized capital shall be reserved by the Bank for minimum subscriptions of countries not represented at the United Nations Monetary and Financial Conference.

Section 4. *Availability of Subscribed Capital.*

Cf. U.K. II, 4

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

(a) Twenty percent shall be callable by the Bank as needed for any of its operations.

(b) The remaining 80 percent shall be callable by the Bank only when required to implement obligations of the Bank created under IV (1) (b) and (c) below.

Calls on unpaid subscriptions shall be uniform on all shares.

7/6/44 Art. II

(p. 3)

Section 5. *Payment of Subscription.*

U.K. II, 4

(a) Payments under Section 5 (a) shall be partly in gold and partly in local currency. The proportions to be paid in gold and local currency shall be graduated according to an agreed upon schedule which shall take into account the adequacy of the gold and free foreign exchange holdings of each member country. The portion to be paid in gold shall not in any event exceed 20 percent of the total payment.

(Schedule to be inserted)

(Omits payment in currency convertible under I.M.F.) (b) Payments under Section 5 (b) shall at the option of the member be made either in gold or in the currency required to implement the obligations with respect to which a call is made.

New (c) The initial payment on each share issued shall be such as to equal the total amount per share already called on outstanding shares adjusted for the amount by which the issue price of the share differs from par value.

(NOTE: U.K. Section 5 eliminated on ground it is covered by IV, 4 and 5 and VII, 2, below).

Section 6. *Issue Price of Shares.*

New Shares of stock included in the initial subscription of a member represented at the United Nations Monetary and Financial Conference shall be issued at par if the subscription is received not later than one year after the date set for operations of the Bank to begin. Other shares shall be issued at par or such other price as may be fixed by three-fourths vote of the Bank.

Section 7. *Limitation on Liability.*

U.S. II, 2 Liability on shares shall be limited to the unpaid portion of the issue price of the shares.

Section 8. *Disposal of Shares Limited.*

U.S. II, 2 Shares shall not be pledged or encumbered in any manner whatever and they shall be transferable only to the Bank.

Section 9. *Return of Subscriptions.*

U.S. II, 6 When the liquid resources of the Bank are substantially in excess of prospective needs, the Bank may return, subject to call, uniform amounts on all shares of stock outstanding.

7/6/44 Art. II

(p. 4)

Article III.

(Title derived from U.K.)

General Provisions Relating to Loans

Section 1. *Use of Resources Restricted.*

U.S. II, 9 The resources and the facilities of the Bank shall be used exclusively for the benefit of members.

Section 2. *Agencies Dealing with the Bank.*

U.S. IV, 17

Except as otherwise indicated in this Agreement, the Bank shall conduct its business only with or through the governments of the members, their central banks, stabilization funds and other similar fiscal agencies, the International Monetary Fund, and other international agencies participated in primarily by governments of members.

Section 3. *Limitation on Loans and Guarantees.*

New

The total amount of guarantees, participations in loans, and loans and other investments made by the Bank shall not exceed at any one time————percent of the subscribed capital and surplus of the Bank.

Section 4. *Conditions on which Bank may Guarantee or Make Loans.*

U.S. cf U.K. III-1

The Bank may guarantee, participate in, or make loans to the government of any member, political subdivisions thereof, and business and industrial enterprises therein, subject to the following conditions:

(U.K. confines to national gov.)

(1) The government of the member in which the project is located, the central bank of such member, or some comparable agency fully guarantees the payment of interest on the loan and repayment of the principal.

(2) The borrower is unable to secure the funds from other sources under conditions which, in the opinion of the Bank, are reasonable.

(Omits "directly or indirectly" from U.K.) (Omits "favorable prospects" from U.S.)

(3) A competent committee, after a careful study of the merits of the project, has submitted a written report concluding that the project would serve to increase the productivity of the member country in which it is located.

(4) In the opinion of the Bank, the rate of interest is reasonable and such rate and the schedule for repayment of the principal are appropriate to the project and to the balance of payments prospects of the member country in which the project is located.

(5) In guaranteeing a loan made by other investors, the Bank receives compensation for its risk.

7/6/44 Art. III

(p. 5)

ALTERNATIVE A

PART (1)

U.K. III, 6 (new matter)

In general, loans made or guaranteed by the Bank, shall be for the purpose of specific projects of reconstruction and development, and except as otherwise provided in this plan, the proceeds of loans shall only be made available to meet specific purposes. In exceptional circumstances, however, the Bank, acting in agreement with the International Monetary Fund, may make or guarantee a loan which provides the borrowing country with gold or foreign exchange for the purpose of establishing its exchanges and and allowing a breathing space for the recovery of its economy and the balancing of its international payments.

PART (2)

U.K. III, 7 (new matter) In making or guaranteeing a loan the Bank shall pay due regard to the prospects of the borrowing country being in a position to service the loan; and in determining the destination, the character and the volume of its loans it shall act prudently in the interests both of the borrowing member country and also of the guaranteeing members. At the same time it shall not seek to avoid the incurring of some measure of reasonable risk (taking account of the commission chargeable—see below) where the loan is in the general interests of reconstructing or developing the world's resources or expanding international trade along mutually advantageous lines; and shall seek to conduct its operations taken as a whole in such manner as to avoid, so far as possible, the calling up of the capital reserved for guarantees, rather than seek full security from risk in each transaction taken separately. These considerations shall govern the lending policy of the Bank especially in approving reconstruction loans to countries which have suffered from the war.

NOTE — U.K. III, 2, taken directly from P.P. IV, 6 has been omitted as essentially duplicative of Art. III, Sec. 4, subdiv. (2) above.

Section 5. *Provision of currencies for loans.*

U.S. IV, 8, revised; (Cf. U.K. III, 4) When the Bank makes loans it shall:

(a) Furnish the borrower with the currencies of members other than that of the member in which the project is located which are needed by the borrower in connection with the loan;

(b) Finance the expenditures of the borrower in the member in which the project is located only as follows, (1) under exceptional circumstances when the local currency required cannot be raised on reasonable terms in the country where the project is located, the Bank may provide an appropriate part of the loan in that currency, or (2) if the development program or project gives rise to an increased need for foreign exchange, the Bank may make available to the borrower an appropriate amount of gold or foreign exchange not to exceed the borrower's expenditure in the member in which the project is located;

7/6/44 Art. III
(p. 6)

(c) Make available at the request of a member in which a portion of a loan is spent an amount of gold or foreign exchange not to exceed the amount by which the expenditure of the loan in that member gives rise to an increased need for foreign exchange.

Section 6. *Use of loans guaranteed, participated in or made by the bank.*

(a) The Bank shall impose no conditions as to the particular member in which the proceeds of a loan shall be spent.

(b) The Bank shall make arrangements to assure 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 regardless of political or other non-economic influences or considerations.

U.S. III, 5 revised Cf. U.K. III, 1(d) (c) In addition to any other action which the Bank may take to implement the provisions of subsection (b) above with respect to loans it makes, it shall credit the account of the borrower with the amount of the loan and shall make payment from the account only to meet expenses as they are actually incurred.

7/6/44 Art. III
(p. 7)

IV. *Operations*

U.K. IV, 1 Section 1. *Methods of facilitating provision of loans.*

The Bank may facilitate the provision of loans which satisfy the general conditions of Article III in any of the following ways:

(a) By direct loans out of the Bank's own capital subscribed under Article II, Section 4(a).

(b) By direct loans out of funds raised by the Bank in the market of a member.

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

Section 2. *Loans from subscribed capital.*

New The Bank shall make loans from currency subscribed under Article II, Section 4(a), only with the approval in each case of the member whose currency is to be loaned. If the currency required by the borrowing country is not available in whole or in part out of capital so subscribed, the Bank may supply such currency from its holdings derived from other sources or may supply gold, subject to Article III, Section 5, and Section 8 of this Article.

ALTERNATIVE A

U.K. IV, 4 In the case of loans under Section 1 (a) of this Article, the borrower shall notify the Bank in which members it desires to incur expenditure to be met out of the loan, and the Bank shall make the required currencies available out of its subscribed capital, provided that the country whose currency is to be supplied has agreed in each case. If local currency subscribed under II (4) (a) is not available in whole or in part, the Bank shall make it available out of its holdings of gold or other free resources, if it possesses an adequate amount of such resources and is satisfied that, without this provision, the country in which the borrowing country desires to place the order, would have difficulty in maintaining the equilibrium of its international balance of payments. Otherwise it shall request the borrowing country to transfer its proposed expenditure to another member country. Furthermore, at the request of the countries in which portions of the loan are spent, the Bank will repurchase for gold or needed foreign exchange a part of the sum expended in the currencies of those countries made by the borrower from the proceeds of the loan.

7/6/44 Art. IV

(p. 8)

Section 3. *Loans from borrowed funds and guarantees.*

U.K. IV, 5 The Bank shall borrow funds under Section 1(b) of this Article or guarantee loans under Section 1(c) only with the approval of the member in the market of which the funds are raised and only if that member agrees that the proceeds may be expended in any member without restriction.

Section 4. *Payment Provisions for Direct Loans.*

U.K. IV, 6 Loans made directly by the Bank under Section 1(a) or (b) of this Article shall contain the following payment provisions:-

(a) The annual service of the loan shall be made up of three parts, namely:

(Could items (i) and (ii) be combined?)

(i) a standard rate of interest fixed by the Bank and the same to all borrowers but modifiable from time to time for new loans;

(ii) an annual commission at a flat rate fixed at one percent in the first instance but alterable by the Bank from time to time at its discretion for new loans in the light of experience, the same to all borrowers, to cover the general expenses of the Bank, and as a provision against risk, but the particular expenses of investigation, etc., attaching to the individual loan, may be charged separately against the borrowers.

(iii) an annual contribution to amortization either at a flat, or at a progressive rate sufficient to repay the capital within a determined number of years, the length of which shall be fixed with regard not only to the character and purpose of the loan, but also, especially in the case of reconstruction loans, to the conditions in the country of the borrower which may delay the time within which the borrower can repay the loan. The time normally shall not exceed thirty years but may be extended to fifty years in particular cases.

(Omits convertible I.M.F. currency)

(b) The loan and its annual service shall be fixed in whatever currency may be stipulated by the Bank when making the loan, and may be paid, at the option of the borrower, in gold, or at the discretion of the Bank, in any other currency of a member.

7/6/44 Art. IV

(p. 9)

(c) In the event of the country of the borrower suffering from an acute exchange stringency, so that the service of the loan cannot be provided in the stipulated manner, the country may appeal 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 country of the borrower and of the operations of the Bank and the other members as a whole it may take action under either, or both, of the following headings in respect of the whole, or part, of the annual service:-

(Should this sentence be included?)

(i) The Bank may in its judgment accept payments in respect of the service of the loan for periods not exceeding three years at a time in local currency. The Bank shall arrange with the borrowing country for the repurchase of such local currency over a period of years on appropriate terms that safeguard the Bank's holdings of such currency. The Bank may also require that the whole, or part of such currency, may be transferred to another member in whose hands it shall be freely available to make payments or to purchase exports in the borrowing country.

(ii) The Bank may re-arrange the instalments of amortization so as to increase the amount due in later years or to prolong the life-time of the loan.

U.S.IV 10(d)

(d) Payments of interest, commissions, and principal, whether made in currency or in gold, must be equivalent to the gold value of the loan and of the contractual interest and commissions thereon.

Section 5. *Participations.*

U.S. IV, 3 revised

The Bank may participate in loans with any of its resources except those subscribed under Article II, Section 4(a). Loans participated in by the Bank shall be placed through the usual investment channels.

Section 6. *Guarantees.*

(rewritten from U.K. IV, 7)

In guaranteeing a loan placed through the usual investment channels, the Bank shall charge a commission on the entire original amount of the loan at a flat rate fixed at one percent per annum in the first instance but alterable by the Bank from time to time at its discretion for new guarantees in the light of experience. Commissions shall be paid direct to the Bank by the borrower.

(p. 10)

Section 7. *Order of Meeting Obligations.*

(U.K. IV, 7 & 8 rewritten and combined) The obligation of the Bank on borrowings or guarantees under Section 1 (b) and (c) of this Article shall be met first from its receipts from commissions and other profits, then from a call on unpaid subscriptions, and finally from paid-in capital. When there is any interruption in the service of a loan guaranteed by the Bank, it shall assume the service. If losses of the Bank are recovered the funds received shall be returned pro rata to members responding to any calls by which the obligations of the Bank were met. With the approval of the Bank, a member subjected to a call, may, in lieu of paying the call, purchase from the Bank currency of the country the default of which or of a borrower in which has necessitated the call but in such case the amount returnable to the member if the loss is recovered shall be appropriately reduced.

Section 8. *Miscellaneous Operations.*

(U.S. IV, 15 (a) Revised) In addition to the operations specified elsewhere in this Agreement, the Bank shall have the power:

(U.K. V, 1) (1) To issue, buy and sell (i) its own securities including securities collateralized by loans or investments it has made, (ii) securities it has guaranteed and, (iii) securities in which it has invested, but the Bank shall obtain the approval of the member in which securities are to be issued, bought or sold, and when the Bank buys securities it has issued, it shall also obtain the approval of the member whose currency will be paid for such securities.

(U.S. IV, 5) (2) To guarantee securities in which it has invested for the purpose of facilitating the sale of such securities;

(U.S. IV, 15 (c), Revised) (3) To borrow the currency of any member with the approval of such country; and

7/6/44 Art. IV

(p. 11)

(U.S. IV, 15 (c), Revised) (4) After consultation with the International Monetary Fund, *to* buy *and* sell *gold and the currencies of members whenever* such transactions are necessary in connection with *the* operations *of the Bank but with respect to each transaction other* *than any undertaken to pay creditors, the Bank shall obtain the approval of the member in which the transaction takes place and the member currency of which is disposed of by the Bank.*

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

(NOTE: U.K. V, 2; taken from U.S. IV, 18 has been omitted)

Section 10. *Warning to be Placed on Securities.*

New Every security guaranteed or issued by the Bank shall bear on its face a conspicuous statement that it is not an obligation of the government of any country other than any expressly stated to be obligated on the security.

Section 11. *Political Activity Prohibited.*

(U.S. IV, 19) The Bank and its officers shall scrupulously avoid interference in the political affairs of any member. This provision shall not limit the right of an officer of the Bank to participate in the political life of his own country.

The Bank shall not be influenced in its decisions with respect to applications for loans by the political character of the government of the member concerned with the loan. Only economic considerations shall be relevant to the Bank's decisions.

U.K. V, 5 The Bank, acting with the strictest impartiality, shall pay particular regard, both in selecting the place of its borrowing and of its lending to maintaining the equilibrium of the international balance of payments of members.

7/6/44 Art. IV

(p. 12)

Article V

Management

Section 1. *Board of Governors.*

U.S. V, 1
I.M.F. VII (a) The administration of the Bank shall be vested in a Board of Governors consisting of one governor and one alternate appointed by each member country in such manner as it may determine. Governors and alternates shall serve for five years, subject to the pleasure of their respective governments, and may be reap-

pointed. No alternate may vote except in the absence of his governor. The Board shall select a chairman from its members.

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

(1) Determining what new members may be admitted and the conditions of their admission;
(2) Increasing the capital stock;
(3) Requiring a member to withdraw;
(4) Deciding appeals against interpretations of the Agreement by the Executive Directors given on application by a member;
(5) Making agreements to cooperate with other international organizations;
(6) Deciding to liquidate 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 convened by the Executive Directors whenever requested by five members or by one quarter of the aggregate votes.

(d) The Board may by regulation establish a procedure whereby the Executive Director, when they deem such action to be in the best interest of the Bank may obtain votes of the governor on a specific question in lieu of calling a meeting of the Board.

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

Section 2. *Voting*

U.S. V, 2 revised

Each member shall have ——— votes plus one additional vote for each share of stock held.

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

7/6/44 Art. V

(p. 12a)

Section 3. *The Executive Directors*

International Monetary Fund, VII, 2

(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 eleven Executive Directors, of whom five shall be appointed by the five members holding the largest number of shares and six shall be elected biennially, in accordance with the provisions of Schedule B, by all the Governors other than those appointed by the members having the five largest number of shares. Persons chosen as Executive Directors need not be Governors.

(c) Every Executive Director may 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) The Executive Directors shall be in continuous session at the principal office of the Bank.

(e) In order to constitute a quorum for any meeting of the Executive Directors, there must be present a majority of the Directors representing not less than one-half of the voting power of all the Executive Directors.

(f) Each Executive Director appointed by one of the members with the five largest quotas shall be entitled to cast the number of votes alloted under Section 2 of this Article to the member appointing him. Each elected Executive Director shall be entitled to cast only the number of votes which actually count toward his election. Each Executive Director shall cast all of the votes to which he is entitled as a single unit.

(g) The Board of Governors shall make regulations containing provisions under which a member which is not entitled to appoint an Executive Director under (b) above shall be permitted to 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.

(h) The Executive Directors shall appoint a President

7/6/44 Art. V

who shall not be a Governor or an (p. 12b) Exective Director. The President shall be Chairman of the Executive Directors, but shall have no vote except a casting vote in case of an equal division. He may participate in meetings of the Board of

Governors, but shall not vote at such meetings. He shall, however, be eligible for election as Chairman of the Board of Governors. The President shall hold office at the pleasure of the Executive Directors.

(i) 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's work: Subject to the general control of the Executive Directors, he shall be responsible for the internal organization of the Bank's staff and the appointment and dismissal of its staff. The Managing Director shall be responsible to the Executive Directors for the accounts.

(j) The Executive Directors may appoint such committees as they deem advisable. Members of such committees need not be limited to Governors or Executive Directors or their alternates.

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

SCHEDULE B

(a) In balloting for the elective Executive Directors, each governor eligible to vote shall cast for one person all of the votes to which he is entitled under Section 2 of this article. The six persons receiving the greatest number of votes shall be Executive Directors, except that no person who receives less than sixteen percent of the aggregate eligible votes shall be considered elected.

(b) When six persons are not elected on the first ballot, a second ballot shall be held in which the person receiving the lowest number of votes shall be ineligible for election and in which there shall vote only those governors who voted on the first ballot for a person not elected and those governors all or part of whose votes for a person elected are deemed to have raised the votes cast for that person above seventeen percent of the aggregate eligible votes.

7/6/44 Art. V

(p. 12c)

(c) In determining whether any part of the votes cast by a governor are to be deemed to have raised the total of any person above seventeen percent, there shall be considered as not forming part of the excess over seventeen percent 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 the total reaches seventeen percent.

(d) Any governor whose votes are partly not in excess and partly in excess shall be eligible to vote in the second balloting only to the extent of the votes in excess.

(e) If on the second ballot, six persons have not been elected, further ballots shall be taken on the same principles until six persons have been elected, provided that after five persons are elected, the sixth may be elected by a simple majority of the remaining votes and shall be deemed to have been elected by all such votes.

7/6/44 Art. V

(p. 13)

Section 3. *Advisory Council.*

U.S. V, 5 There shall be an Advisory Council of seven persons, elected by the Fund from outstanding representatives of banking, business, labor and agricultural interests, who are citizens of members, but only one citizen of any member shall serve on the Council at any one time. The Council shall advise with the Bank on matters of general policy. The Council shall meet annually and on such other occasions as the Bank may request.

Councillors shall serve for two years, and may be reelected. They shall be paid their reasonable expenses incurred in behalf of the Bank.

Section 4. *Loan Committees.*

New U.S. IV, 1 (c) The committees required to report on loans under Article I, Section 5, shall be appointed by the Bank, except that such committee shall include an expert selected by the Governor representing the member in which the project is located, who may or may not be from the technical staff of the Bank. The majority of each committee shall be from the technical staff.

Section 5. *Relationship to Other International Organizations.*

I.M.F. VIII, 8 Cf.U.S.V,10 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 of the provisions of this Agreement may be effected only after amendment to this Agreement in conformity with the procedure set forth in Article IX.

Section 6. *Location of Offices*

I.M.F. IV, 1

The principal office of the Bank shall be located in the member holding the greatest number of shares and agencies or branch offices may be established in any member or members.

Section 7. *Depositories.*

I.M.F. VII, 5

(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.

7/6/44 Art. V

(p. 14)

(b) The Bank may hold other assets, including gold, in designated depositories in the four members holding the greatest number of shares and in such other depositories as the Bank may select. At least one-half of the holdings of gold of the Bank shall be held in the designated depository in the member in which the Bank has its principal office. In an emergency, the Executive Directors may transfer all or any part of the Bank's holdings of gold to any place where it can be adequately protected.

Section 8. *Form of Holdings of Currency.*

I.M.F. VII, 6

The Bank shall accept from any member in lieu of any part of the currency of that member 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 a credit to the currency account of the Fund in that member.

Section 9. *Protection of the Assets of the Bank.*

I.M.F. IV, G

No change in the foreign exchange value of the currency of any member shall alter the gold value of the assets of the Bank. Whenever (i) the par value of a currency of a member is reduced, or (ii) the foreign exchange value of the currency of any member has depreciated within the jurisdiction to a significant extent in the opinion of the Bank, the member shall compensate the Bank by paying to the Bank within a reasonable time an amount of its own currency equal to the reduction the gold value of the currency of such member held by the Bank. Whenever the par value of the currency of any member has been increased the Bank shall compensate such member by returning, within a reasonable time, an amount in the currency of such member equal to the increase in gold value of the currency of such member held by the Bank.

Section 10. *Publication of Reports.*

I.M.F. VII, 8 The Bank 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 financial position and a profit and loss statement showing the results of its operations.

The Bank may publish such other reports as it deems desirable for carrying out its purposes and policies.

Art. V

(p. 15)

Section 11. *Allocation of Income.*

The Bank shall determine annually what part of its net income shall be placed to reserve and what part, if any, shall be distributed.

Section 12. *Distribution of Income.*

If any part is distributed, two per cent non-cumulative shall be paid, as a first charge against the distribution of any year, to each member on the average amount during the year by which 75 per cent of its quota exceeds the holdings by the Fund of its currency; and the balance to the members in proportion to their quotas. Payments to each member shall be made in its own currency.

Section 13. *Miscellaneous Powers.*

I.M.F. VI, 8, Revised In order to carry out its purposes, the Bank may:

(1) Make contracts;

(2) Acquire and dispose of real and personal property;

(3) Institute legal proceedings in any court of competent jurisdiction;

(4) Entér into such compromises or settlements of obligations due to or by the Bank as in the judgment of the Board are to the best interests of the Bank;

(5) Employ such staff as shall be necessary to conduct the business of the Bank; and

(6) Adopt such rules or regulations as may be necessary or appropriate to conduct the business of the Bank.

7/6/44 (p. 16) Art. V

Article VI

Withdrawal and Suspension of Membership and Liquidation

Section 1. *Right of Members to Withdraw.*

I.M.V. VIII, 1

Any member may withdraw from the Bank at any time by serving written notice on the Bank at its principal office. Withdrawal shall become effective on the date such notice is received.

Section 2. *Suspension of Membership.*

U.S. V, 8, revised. (Further revision may be recommended)

A member country failing to meet any of its obligations to the Bank may be suspended from membership by decision of a majority of the member countries, each of which for this purpose shall have one vote, to be cast by its director or alternate. At the end of one year from the date of suspensions, the country shall automatically cease to be a member of the Bank unless a majority of the member countries, voting in the same manner as for suspension, restores the country to good standing.

While under suspension, a country shall be denied all of the privileges of membership except the right of withdrawal, but shall be subject to all of its obligations.

Section 3. *Financial Assistance to be Withheld.*

U.S. IV, 18 slightly revised
U.K. V, 4 (should this be included)

If any country is suspended from membership, the members agree that they and their agencies will not extend financial assistance to that country during the period of suspension without approval of the Bank.

Section 4. *Cessation of Membership in International Monetary Fund.*

New

Any member which ceases to be a member of the International Monetary Fund shall immediately cease to be a member of the Bank.

ALTERNATIVE A

U.K. IV, 10 taken literally from U.S. V, 8

Any member country that withdraws or is dropped from the International Monetary Fund, shall relinquish its membership in the Bank unless three-fourths of the member votes favor its remaining as a member.

Section 5. *Settlement of Accounts with Countries Ceasing to be Members.*

U.S. V, 8 greatly expanded subject to further revision.

7/6/44

(a) When a country ceases to be a member, the Bank shall arrange to repurchase its shares as a part of the settlement of accounts with such country. The repurchase price of the shares shall be the amount

Art. VI

(p. 17)

(U.K. IV, 11, follows U.S. V, 8 literally)

at which such shares are carried on the books of the Bank on the day the country ceases to be a a member of the Bank plus a pro rata share of any surplus existing on that date.

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

(1) No amount shall be paid for shares prior to six months from the date upon which the country ceases to be a member nor thereafter so long as the country, its central bank or any of its agencies remain liable, directly, or contingently, to the Bank, except as to liability of the country resulting from its subscription for shares, and any amount so withheld may, at the option of the Bank, be applied on any matured obligation. Payments for shares shall be made from time to time to the extent by which the amount due as the repurchase price exceeds the aggregate of such liabilities until the former member has received the full repurchase price.

(2) Payments shall be made in the currency of the country receiving payment and any deficiency shall be paid in gold or gold-convertible exchange at the option of the Bank.

(c) In the event the Bank goes into liquidation within six months of the date upon which any country ceases to be a member of the Bank, all rights of such country shall be determined by the provisions governing liquidation.

Section 6. *Assessments to Meet Losses*

U.S. V, 8 greatly expanded

(a) In the event any loss is sustained by the Bank on any guarantee, participation in a loan, or loan which was outstanding on the date the country ceased to be a member of the Bank, and the amount of such loss exceeds the amount of the reserve existing on the date the country ceased to be a member, such country shall be obligated to repay upon demand that amount by which the repurchase price of its shares would have been reduced if the loss had been taken into account when the repurchase price was determined. In addition, the

7/6/44 Art. VI

(p. 18)

former member country shall remain liable on any call for unpaid subscriptions 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.

(b) Repayment to the Bank under this section shall be in currency and gold or gold-convertible exchange in the same proportion as the payments by the Bank for the repurchase of the shares.

Section 7. *Liquidation*

New

In an emergency, the Executive Committee by a majority vote, temporarily may suspend the operations of the Bank, pending an opportunity for further consideration and action by the Board.

The Bank may be voted into liquidation by a majority of the aggregate votes.

Upon being voted into liquidation, the Bank shall forthwith cease engaging in any activities except those incident to the orderly liquidation, conservation and preservation of its assets and the settlement of its obligations.

The liability of all member countries for uncalled subscriptions to the capital stock of the Bank and their guarantees with respect to the depreciations of their own currencies shall continue until all claims of creditors including all contingent claims shall have been discharged.

Upon liquidation of all creditors holding direct claims shall be paid immediately if the Bank has sufficient assets, and if the assets are not sufficient, the Executive Committee shall pay such creditors as soon as possible out of payments to the Bank or calls on subscriptions, but before making any payments to holders of direct claims, the Committee shall make such arrangements as are necessary, in its judgment, to insure a distribution to holders of contingent claims ratably with creditors holding direct claims.

No distribution shall be made to a member country on account of its capital subscription until all claims of creditors, including all contingent claims, have been discharged or have been provided for by the Executive Committee having made arrangements sufficient, in its judgment, to accomplish that purpose.

(Detailed provisions relating to method of distribution to shareholders will be supplied later on basis of principles provided for liquidating the International Monetary Fund.)

7/6/44 Art. VI

(p. 19)

Article VII

Additional Undertakings on the part of Member Countries

Section 1. *Purposes and Scope of Undertakings.*

New

In order to support the activities of the Bank and to foster the accomplishment of its purposes and policies, each member country, in addition to commitments appearing elsewhere in this Agreement, undertakes the performance of and agrees to the stipulations set forth herein, all of which shall remain binding during suspension or after termination of membership.

Section 2. *Immunities of the Bank.*

I.M.F. IX, 5 revised

(a) The Bank and its assets of whatsoever nature shall, wheresoever located and by whomsoever held, be exempt and immune in the territory of any member from:

(i) search, seizure, attachment, execution, requisition, confiscation, moratorium and expropriation, except as provided in 3, below; and

(ii) any exchange, debt, or export controls, except such as are consented to by the Bank.

(b) All governors, executive directors, officers and employees of the Bank shall, with respect to their official acts, be exempt from suit except when the Bank consents.

(c) The archives of the Bank shall be inviolable.

NOTE. There are certain other minor privileges or immunities which will also be required such as courier facilities. Further material will be supplied completing this section in this respect.

Section 3. *Suits against the Bank.*

New

Suits may be brought against the Bank only in a court of competent jurisdiction in a member in which the Bank has an office, and only by litigants other than members and those acting for or deriving claims from members. The Bank and its assets of whatsoever nature shall, wheresoever located and by whomsoever held, be exempt and immune from seizure, attachment and execution in advance of final judgment.

Section 4. *Restrictions on Taxation of Bank, its Employees and Obligations.*

I.M.F. IX, 7, (subject to revision)

(a) The Bank, its assets, property, income, activities, operations and transactions of whatsoever nature shall be exempt and immune from all taxation or liability for the collection or payment of any tax, including without limitation by reason of this enumeration, excises, duties, and imposts, imposed by any member or any political subdivision or taxing authority thereof.

7/6/44 Art. VII

(p. 20)

(b) No member, or any political subdivision or taxing authority thereof, shall impose or collect any tax on or measured by salaries or remunerations for personal services paid by the Bank to persons who are not citizens of such member.

(c) No member, or any political subdivision or taxing authority thereof, shall impose or collect any taxation on any obligation or security issued by the Bank or any dividend or interest thereon, by whomsoever held or received, which discriminates against such obligation, dividend, or interest, because of its origin, or which is applicable with respect to such obligation, security, dividend, or interest because of the place or currency in which it is issued, made payable or paid, or because of the location of any office or place of business maintained by the Bank.

7/6/44 Art. VII

(p. 21)

Article IX—*Amendments*

I.M.F. XI

Any governor or executive director desiring to introduce modifications in this Agreement shall communicate his proposal to the Chairman of the Board of Governors who shall bring the proposal before the Board of Governors. If the proposed amendment is approved by the Board of Governors by a majority of the aggregate votes, the Fund shall prepare a protocol, by dated circular letters, to the governments of all the members asking whether they accept the proposed modifications. When the governments of members having four-fifths of the aggregate votes, have accepted the proposed amendment, or, in the case of modifications of the right to withdraw from the Fund when the governments of all of the members have accepted, the Fund shall certify the fact by means of a *proces verbal,* which it shall communicate to the governments of all members. The protocol will enter into force between all members three months from the date of the *proces verbal* unless a shorter period is specified in the protocol.

7/6/44 Art. IX

(p. 22)

Article X

Section 1. *Interpretation.*

I.M.F. XII, 1

All questions of the interpretation of the provisions of this Agreement between two or more member countries shall be resolved by the Bank. Whenever a disagreement arises between the Bank and a country which has ceased to be a member, or between the Bank and any member after liquidation of the Bank, such disagreement shall be submitted to arbitration.

Section 2. *Definitions.*

(To be supplied later)

Section 3. *Approval Deemed Given.*

(New)

Whenever the approval of any member is required before any act may be done by the Bank 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.

7/6/44 Art. X

(p. 23)

Article XI

(Final Provisions)

(To be supplied later)

7/6/44 Art. XI

Document 171

CI/2/M4

Minutes of Meeting of Committee 2 of Commission I

Operations of the Fund

(July 6, 1944, 2:30 p.m.)

The Chairman asked the delegations of the following countries to name a member to serve on the language committee: United States, *Chairman*; China, Ecuador, French Delegation, Union of South Africa, and Union of Soviet Socialist Republics. The Chairman asked the delegations of the following countries to name a member to serve on the *ad hoc* committee to consider article III, section 2 (3), Alternatives A, B, D, and F (Document SA/1, pp. 6a, 6b, 6c, and 6e): French Delegation *Chairman*; Australia, Brazil, Canada, China, Mexico, Netherlands, Union of Soviet Socialist Republics, United Kingdom, and United States.

The Committee continued its discussion of article III, Transactions with the Fund.

On Alternative E (p. 6d), it was decided to defer action pending informal discussions among certain members of the Committee looking toward the submission of a compromise proposal.

On Alternative A, section 5 (2) (p. 8), and Alternative B (p. 8) the Committee agreed to revise Alternative A, section 5 (2) to read "Buy that currency from that member with gold". Alternative B was withdrawn.

(p. 2) On Alternatives A and B (p. 13) the Committee agreed to defer discussion until the material to be inserted in Alternative A is available.

The Committee deferred discussion of Alternatives A and B (pp. 14, 14a, and 14b) until all members have had a chance to study them.

The Committee agreed to refer Alternatives A and B (p. 15) to the language committee.

The Committee agreed to approve Alternative A (p. 16).

The Committee discussed Alternatives A and B (pp. 18 and 18a) at some length. A third Alternative was presented informally and will be circulated. The Committee will continue its discussion of these Alternatives at its next meeting.

Document 172

CI/1/M4

Minutes of Meeting of Committee 1 of Commission I

Purposes, Policies, and Quotas of the Fund

July 6, 1944—10 a.m.

The Committee began its fourth meeting by discussing the report of the drafting committee. The Committee discussed the revised language for article I, section 2, dealing with the purposes of the Fund. It was agreed to accept this wording with the reservation that delegations not completely satisfied might raise the question later if their viewpoint did not find adequate expression in a general preamble covering the whole work of the Conference.

The Committee approved the revised wording of article I, sections 3 and 6, and also accepted the recommendation of the drafting committee to accept the wording of Alternative A following section 6, which reads, "The Fund shall be guided in all its decisions by the purposes set forth above".

Alternative H to article I (p. 1d), which adds to the purposes of the Fund the liquidation of war balances, was discussed in conjunction with Alternative G (p. 1c), dealing with the same subject. The importance attached by a number of delegations to the inclusion in the Agreement of some means of facilitating the settlement of this problem was fully developed. The considerations which led to the omission of references to this problem from the Joint Statement were once more brought out and the view that the matter was one for (p. 2) direct settlement between creditors and debtors was debated. Some delegations advanced the view that balances of members now in enemy hands had as good a claim to the assistance of the Fund in their liquidation as the balances of one member held by another member.

Following its procedure of the previous day with regard to Alternative G, the Committee agreed to refer Alternative H to Commission I with a report of the nature of its discussions.

The Committee approved Alternative A, section 6 (p. 4 of Document SA/1), which deals with payments when quotas are changed. The Committee also discussed Alternatives B and C relating to the reduction in initial gold payments by countries suffering as a result of enemy occupation (p. 4a), and agreed to refer these proposals to the *ad hoc* committee of Commission I which is to deal with questions of special interest to liberated countries.

The Committee passed over article IX, section 1 (p. 38), since the necessary material was not available.

The suggestion was made that in view of the interest of Committee 2 in the whole of article IX a joint session of the two Committees on this article would be desirable. The Chairman announced that, pending decision on this suggestion, Committee 1 would continue with its original assignment, which includes this article.

(p. 3) The Committee discussed section 2 of article IX (p. 38), dealing with gold purchases based on parity prices, and referred it to its drafting committee for clarification of statement. The same action was taken with regard to paragraph (a) of the proposed section 3 under article IX, concerning foreign-exchange dealings based on par values. This appears as part of Alternative A on p. 39, Document SA/1. Paragraph (b) of this Alternative was agreed upon in substance but was referred to the drafting committee for language clarification. With regard to paragraph (c) of this Alternative, discussion disclosed various difficulties of a legal nature. Emphasis was also given to the close relationship of this section to the work of Committee 2. The paragraph was therefore referred to the drafting committee with instructions to defer its report.

The Committee then considered Alternative A to section 4 of article IX (p. 40). The discussion developed a substantial degree of uncertainty as to the precise character of the exchange control which member countries obligate themselves to eliminate under this section. The Committee decided to request Commission I to clarify the meaning of this provision, and to postpone further consideration of it until Committee 2 had discussed the problem.

Document 173

CI/3/M4

Minutes of Meeting of Committee 3 of Commission I

Organization and Management of the Fund

(July 6, 1944, 10 a.m.)

At the fourth meeting of the Committee, held on July 6 at 10 a.m., the text of article VII, section 5 (p. 28), was accepted without change. Article VII, section 6 (p. 29) on depositories was then given extended consideration. Paragraph (a) in Alternative A was agreed to without change. Agreement was not reached on paragraph (b), Alternatives A and B (pp. 29 and 29a), and the question was referred to Commission I for decision. Alternative C (p. 29a) was dropped by general consent. Section 7 was agreed upon as proposed in Alternative A (p. 29).

The Committee resumed consideration of the question of management of the Fund, article VII, section 2. New drafts for the relevant sections were submitted. The original Alternatives A and B were combined into a new draft (SA/1/17, Document 152). Alternative C (SA/1/16, Document 151) and Alternative D (SA/1/15, Document 150) were introduced at this meeting. After discussion, it was apparent that no complete agreement was possible in view of the differences of these drafts. Additional amendments to these drafts are to be submitted by several of the members. The Chairman was authorized to appoint a special committee to consider the reconciliation of these drafts and to present a new document to the Committee as soon as possible. The following countries were named to this committee: Belgium, Cuba, Netherlands, United Kingdom, and United States.

Article VII, section 8 (p. 30), and article VIII, section 1 (p. 34), were not discussed, pending clarification of their possible assignment to Committee 4. The Committee recommended that the first three clauses of article VII, section 11 (p. 33), be referred to Committee 4. Since an amendment is proposed to the fourth clause, action was postponed on this clause, while the fifth clause was adopted as presented.

(N.B. In the Minutes of Meeting of July 4, 4 p.m., (document no. 113) in lines 6 and 7 of the third paragraph, the words "Board of Governors" should read "Executive Directors".)

Document 174

CI/4/M3

Minutes of Meeting of Committee 4 of Commission I

Form and Status of the Fund

(July 6, 1944, 2:30 p.m.)

The third meeting of Committee 4 of Commission I was held on July 6, at 2:30 p.m. The Chair appointed the Delegates from China, Cuba, Ecuador, Poland, Union of Soviet Socialist Republics, United Kingdom, and the United States as members of the "asterisk committee", with the Delegate from Cuba serving as Chairman. Also serving as *ex officio* members of this Committee are the Chairman, Reporter, and Secretary of Committee 4.

The Chairman of the subcommittee to review article XI, section 7, reported that the members, at the meeting held today, were substantially in agreement. It was indicated by the Chairman that the revised article XI, section 7, would be submitted to the full Committee at the next scheduled meeting.

Article VII, section 8 (p. 30), was discussed extensively and recommended for approval without change. At the suggestion of one of the delegates, the Committee approved the discussion at this meeting of article VII, section 11, "Miscellaneous Powers", items 1, 2, and 3 (p. 33), which had been previously assigned to Committee 3. After considerable discussion of the interpretation of the proposed wording of the first phrase under the heading, it was agreed that the present wording would be revised and stated as follows: "In order to carry out its purposes, the Fund shall have full legal personality and, in particular, to . . ." With this amendment in wording the Committee approved article VII, section 11, (1), (2), and (3).

Following an extended discussion of article VIII, section 1, Alternative A, the Chair stated that a consensus of the delegates indicated approval. During this discussion the delegate of the country proposing Alternative B stated his reasons for recommending changes in Alternative B.

(p. 2) Article VIII, section 2 (p. 35), was not available for discussion.

At a joint meeting of the Chairmen of Committees 3 and 4, it was agreed that article VIII, section 2, would be discussed upon its completion in Committee 3 instead of Committee 4, as previously announced in the minutes of July 5, 1944.

In the case of article XI, "Amendments" (p. 45), there was a consensus of the Committee that certain modifications be made to cover the proposals made by the delegates of two of the countries. This article was referred to the "asterisk committee" for its consideration.

Article XII, section 1 (p. 46), was discussed at length. At the conclusion of the discussion the Chairman stated that the consensus approved Alternative A but, because Alternative B was an explanation of a part of Alternative A, recommended that the "asterisk committee" meet and prepare one document for presentation to the Committee.

Document 175

C/S/M1

Procedural Decisions of the Steering Committee

(July 6, 1944)

The Steering Committee has determined upon the following procedures in order to expedite the work of Commission I and its Committees on the International Monetary Fund. It requests that the officers and members of the Commission and its Committees follow these procedures:

1. Commission I should meet next at 9:30 a.m. on July 10. In accordance with the prior decisions of Commission I, the reports of the Reporting Delegates of Committees should be circulated long enough in advance of this meeting to permit full consideration.
2. The Committees of Commission I will want to conclude their consideration of all matters on which the texts of provisions have been laid before them in time to allow the Reporting Delegates opportunity to prepare their reports.
3. No matter should be referred to the Commission unless it has been considered first by the Committees or their subcommittees.
4. The Chairman of Commission I is empowered, in advance of the meeting of July 10, to appoint such *ad hoc* committees as may be conducive to the securing of agreement on particular questions which have not been resolved by the Committees.

Document 177

(p. 16a) SA/1/21

Alternative B

(For the first sentence of Joint Statement IV, I, substitute:)

The Government of the United States and the Government of the United Kingdom will communicate to the Monetary Fund at its inauguration the initial par value of their respective currencies, expressed in terms of gold. Within one month, the other member countries wishing to adhere to the Fund, will make corresponding communications. Notwithstanding this rule, member countries that have been occupied by the enemy need not make a definitive communication in the above sense until the reconstruction of their monetary system has been completed, and the initial communication may be limited to giving a provisional par value. If the Board of Governors (Directors) of the Fund finds a communicated initial (or pvosisional) par value reasonable, such par value shall come into force immediately for the purpose of the Fund. If, however, the Board of Governors (Directors) should deem the communicated par value to be open to criticism, the question shall be the subject of further consideration with the member country in question, and the facilities of the Fund shall not be available to the member until agreement has been reached.

7/6/44

J.S. Art. IV
Sec.

Document 178

(p. 26d)

SA/1/22

ALTERNATIVE C

(For Combined Alternatives A and B for Joint Statement VII, 1, 2 and 3, and additional material on page 27 of Document SA/1/17)

Substitute for 3:

3. For every Executive Director there shall be elected at the same time and according to the same rules an alternate with full power to act for him when he is not present. An Executive Director and his alternate need not represent the same country.

Substitute for 4:

4. The Executive Directors shall be *continuously in function* at the principal office of the Fund.

Substitute for 8:

8. The Executive Directors shall *co-opt* 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 casting vote in case of an equal division. He may participate in meetings of the Board of Governors, but shall not vote at such meeting. He shall, however, be eligible for election as Chairman of the Board of Governors. The Managing Director shall *cease to* hold office when the Executive Directors will so decide. He will not take the chair in the meeting taking such decision.

7/6/44

J.S. Art. VII
Sections 1, 2 and 3

Document 179

(p. 26e) SA/1/23

Alternative D

(For Combined Alternatives A and B for Joint Statements VII, 1, 2 and 3, and additional material on page 27 of Document SA/1/17)

Substitute for 2:

2. There shall be 12 Executive Directors, of whom 6 shall be appointed by the six members having the largest quotas and 6 shall be elected biennially in accordance with the provisions of Schedule B, by all the Governors other than those appointed by the members having the 6 largest quotas. Persons chosen as Executive Directors need not be Governors.

Substitute for 4:

4. Employ such staff as shall be necessary to conduct the business of the Fund, provided that, in employing staff due regard shall be paid to the fair representation of the nationals of member countries.

7/6/44 J.S. Art. VII
Sections 1, 2 and 3

Document 180

(p. 36b) SA/1/24

Alternative B

Section 3. (a) When a government ceases to be a member in any of the cases referred to in sections ——— above, settlement of all accounts between the Fund and such governments shall, with reasonable dispatch, be made in accordance with b) and c) below.

(b) The Fund shall be obligated to pay to such government an amount equal to its quota, plus any other amounts due to it from the Fund, less any amounts due to the Fund from such government, including charges accruing after the government ceases to be a member; but no payment shall be made prior to six months from the date when such government ceases to be a member.

(c) Payments shall be made in the member's currency and if the Fund's holdings in that currency are not sufficient, in gold and in the other currencies held by the Fund, in accordance with the principles governing liquidation of the Fund (section 4 below) and as if liquidation took place at the day of the member's withdrawal.

(d) If the Fund's holdings of the currency of such country exceed the amount due to such government, that government shall be obligated to redeem such excess currency in gold or in the currencies of members which at the time of actual redemption are convertible under Article III, Section 6 (J.S. III, 5) within three years from the date of withdrawal, or such longer period as may (p. 36c) be fixed by the Fund. Such redemption shall not be effected at a rate in any quarterly period greater than one-twelfth of the Fund's excess holdings at the date of withdrawal of the currency to be redeemed plus current accruals of such currency during such quarterly period. If the Government fails to redeem such excess currency in this manner, the Fund may liquidate in any market that currency at the same rate in an orderly manner. The withdrawing government unconditionally guarantees at all times the unrestricted use of such currency for the purchase of goods or for the payment of other sums due to it or to its nationals. Further, the withdrawing government shall indemnify the Fund against any loss resulting from exchange depreciation until such currency has been used or redeemed.

(e) Any member desiring to obtain the currency of a former member shall acquire the currency by purchase from the Fund, to the extent that such member has access to the resources of the Fund and such currency is available under the preceding paragraph.

7/6/44 J.S. Art. VIII
Sec. 2 and 3

Document 181

(p. 29b) SA/1/25

ALTERNATIVE D

(Supplement to Alternative A, section 6-b)

"At least one half of the holdings of gold of the Fund shall be held in the designated depository in the member in which the Fund has its principal office, *and 40% of the holdings of gold of the Fund shall be held in the designated depositories in the remaining three members having the largest quotas.*

7/6/44 J.S. Art. VII
Additional Sections (6 & 7)

Document 182

(p. 14c) SA/1/26

Alternative C

(The following material has been suggested as an addition to Article III)

Section 11. *Furnishing Information.*

The Fund may require members to furnish it with such information as it deems necessary for its operations. In requesting information the Fund shall, however, take into consideration the varying ability of members to furnish the data asked for, and members shall be under no obligation to furnish information in such detail that the affairs of individuals or corporations are disclosed. Subject to this proviso members undertake to furnish the desired information in as detailed and accurate a manner as is practicable, and to avoid mere estimates so far as possible. The minimum amount of information necessary for the effective discharge of the Fund's duties includes the following.

1. Official holdings at home and abroad, of (a) gold, (b) foreign exchange.
2. Holdings at home and abroad by banking and financial agencies other than official agencies of (a) gold, (b) foreign exchange.
3. Production of gold.
4. Gold exports and imports according to countries of destination and origin.
5. Total exports and imports of merchandise, in terms of local currency values, according to countries of destination and origin.

7/7/44

(p. 14d)

6. International balance of payments, including (a) trade in goods and services, (b) gold transactions (c) known capital transactions, and (d) other items.
7. International investment position, i.e., investments within the country owned abroad and investments abroad owned by residents of the country so far as it is possible to furnish this information.
8. National income.
9. Price indices. (Indices of commodity prices in wholesale and retail markets and of export and import prices.)
10. Buying and selling rates for foreign currencies.
11. Exchange controls. (Comprehensive statement of exchange

controls in effect at the time of assuming membership in the Fund and changes thereafter as they occur.)

12. Where official clearing arrangements exist, details of amounts awaiting clearance in respect of commercial and financial transactions, and of the time lag for each group.

7/7/44

J.S. Art. III
Additional Section (11)

Document 183

(p. 17b)

SA/1/27

Alternative B

(For Article IV, Section 4, of the Joint Statement)

After consulting the Fund, a member country may change the established parity of its currency, provided the proposed change, inclusive of any previous change since the establishment of the Fund, does not exceed 10% for the country having a quota ten per cent or more of the aggregate quotas, and not to exceed 20% in the case of a country having less than ten per cent of the aggregate quotas. In the case of application for a further change not covered by the above and not exceeding 10 per cent for the country having a quota ten per cent or more of the aggregate quotas, and not to exceed 20 per cent in the case of a country having less than ten per cent of the aggregate quotas, the Fund shall give its decision within two days of receiving the application, if the applicant so requests.

7/7/44

J.S. Art. IV
Section 4

Document 186

CII/3/B1

As of Adjournment
10:20 a.m., July 7, 1944

Status of Business Before Committee 3 of Commission I.

Article VII—*Management of the Fund.*

Sec. 1. Board of Governors. *Disposed of* (see Minutes, Doc. 103).

Sec. 2. The Executive Directors. *Pending* (referred to sub-committee).

Sec. 3. Voting. *Disposed of* with reference to Board of Governors; *pending* with reference to Executive Directors. Sent to sub-committee with reference to Executive Directors (see Minutes, Doc. 147, paragraphs 1 and 2).

Sec. 4. The General Manager. *Pending* (referred to sub-committee).

Sec. 5. Publication of Reports. *Disposed of* (see Minutes, Doc. 173, lines 1-3).

Sec. 6. Depositories. *Disposed of* (see Minutes, Doc. 173, lines 3-8).

Sec. 7. Form of Holdings of Currency. *Disposed of* (see Minutes, Doc. 173, line 10).

Sec. 8. Relationship to Other International Organizations. *Disposed of* (referred to Committee 4 by agreement between the Chairmen of Committee 4 and Committee 3).

Sec. 9. Location of Offices. *Pending.*

Sec. 10. Distribution of the Net Income of the Fund. *Disposed of* (see Minutes to be published).

Sec. 11. Miscellaneous Powers. *Pending,* sub-section 4, (see Minutes, Doc. 173, page 2, lines 5-6). *Disposed of* sub-section 5 (see Minutes, Doc. 173, line 7). *Disposed of* sub-sections 1, 2 and 3 (referred to Committee 4 by agreement between the Chairmen of Committee 3 and Committee 4).

7/7/44

(p. 2)

Article VIII—*Withdrawal From the Fund.*

Sec. 1. Right of Members to Withdraw. *Disposed of* (referred to Committee 4 by agreement between the Chairmen of Committee 3 and Committee 4).

Sec. 2. Suspension of Membership or Compulsory Withdrawal. *Pending* (no material available).

Sec. 3. Settlement of Accounts with Countries Ceasing to be Members. *Pending* (additional alternative to be furnished).

Sec. 4. Liquidation of the Fund. *Pending* (no material available).

Article III—*Transactions with the Fund.*

Sec. 11. Furnishing Information. *Pending* (referred to Committee 3 by agreement between the Chairmen of Committee 3 and Committee 2).

7/7/44

Document 187

DP/9

Mexican Delegation

Submitted for Consideration by Commission III

Agreement on Earmarked Gold.

WHEREAS the practices for earmarking gold might not coincide in all particulars in different countries;

WHEREAS earmarked gold is part of the monetary reserve of such countries and therefore should be free from all restrictions as to its use, transfer, and transportation; and

WHEREAS, in order to avoid unnecessary movements of gold and thereby reduce to a minimum the cost and risks involved, it would be convenient to adopt a common international policy with respect to such gold;

THE MEXICAN DELEGATION submits the following proposal for the consideration of Commission III:

1. The countries represented at this Conference agree to extend to earmarked gold the same treatment and immunities they may agree to give to the gold and other assets of the International Monetary Fund.

Document 189

DP/10

Mexican Delegation

Mexico's Proposal on Silver

Submitted for consideration by Commission III

WHEREAS it is undeniable that about half of the world's population prefers silver coins to any other kind of currency for everyday use and trade, as well as for hoarding;

WHEREAS the economically weaker silver-using nations of the world, upon becoming members of the proposed International Monetary Fund, would in fact agree, among other things, to collaborate with the stronger nations in the establishment of a world-wide free market for gold, and in the maintenance of a stable and fair price for that metal;

WHEREAS it is just and fair that, in due correspondence, the economically stronger countries should agree to extend their cooperation to the economically weaker ones, in order that silver may also have an ample market and a relatively stable and fair international price;

WHEREAS, to comply fully with the proposed agreement, the silver-using peoples would need proportionately larger, and therefore more burdensome, monetary reserves, since besides their normally heavy investments in silver coins, they would also have to maintain a gold reserve proportionately as large as that of any gold-using nation;

WHEREAS it is not fair that the economically weaker peoples should carry the whole weight of their silver stocks, as well as the heavy losses caused by the wide fluctuations of their international value, and carry besides their proportionate share of gold stocks;

(p. 2)

WHEREAS it has been fully demonstrated by the far-sighted policy of the United States during the past decade, that it is not only possible but equally feasible, without the slightest danger to the monetary equilibrium even of a single nation, to maintain stable the relative international prices of gold and silver, and to stabilize both prices in terms of a single currency;

WHEREAS it should be relatively easier and less costly for the United and Associated Nations to establish a fair and reasonable international price for silver than to fix one for gold, inasmuch as the present value of the visible stocks of gold is around thirty billion dollars, while that of silver is only a fifth or a sixth of that amount;

WHEREAS one of the main purposes of this Conference should evidently be, not to select gold or anything else as a metallic standard which should lead the world back into the rigidity of an arbitrary yardstick for national and international values, but rather to lay the foundations of a well-integrated world monetary system, wherein certain important currencies generally accepted in international trade, as well as gold and silver itself, can and should be used to great advantage, each to fulfill a different international function;

WHEREAS in the proposed agreement it is foreseen that the Monetary Fund may be forced to change the price of gold in terms of all the member countries' currencies, in order to provide additional means of international payments;

WHEREAS silver, because of its traditional monetary use by approximately half of the inhabitants of the world, can and should be used as a collateral monetary metal for (p. 3) meeting such increases in credit requirements of member countries;

WHEREAS in principle there can be no better grounds for pegging the price of gold in terms of the United Nations' currencies, than those for preventing the wide fluctuations of the international price of silver, in relation to the same currencies;

WHEREAS the wide fluctuations in the international value of silver, besides placing a heavy risk on the shoulders of those countries least able to carry it, are the direct source of recurrent dislocation of the monetary system of the silver-using countries; and

WHEREAS it is technically possible to achieve a minimum price for gold and a maximum price for silver in terms of all the currencies of member countries;

The Mexican Delegation presents for the consideration of this Conference the following tentative plan to link silver with gold for international monetary purposes:

I. That the Monetary Fund should buy and sell from and to member countries gold and silver *together and jointly,* at the fixed rate in terms of member currencies and in a ratio of, say, one ounce of pure gold to ten ounces of fine silver.

II. That member countries would agree to buy and sell from and to the Fund, and from and to one another, gold and silver *together and jointly,* at the same rate and in the same ratio as above.

III. That the Fund should have power:

a. To alter permanently, by a four-fifths majority vote, the proportions of gold and silver set forth above in I and II, only when a permanent and fundamental change in the average yearly rate of (p. 4) production and consumption of both metals has taken place; and

b. To eliminate silver entirely but temporarily from its joint purchases and sales of gold and silver, and to permit member countries to do likewise, only when and just as long as, due to an increase in the price of silver, over and above an agreed ceiling, the price of one ounce of pure gold in the basic composite unit as defined under I and II above, should be less than the agreed minimum price of thirty-five U. S. dollars per ounce.

THE MEXICAN DELEGATION submits to this Conference the following

RESOLUTION

A.–That the Fund shall determine the feasibility of linking silver with gold for international monetary purposes, in accordance with the formula pre-inserted or any other formula;

B.–That the Fund shall be authorized to carry out whatever policy it deems appropriate as regards the proper role and function of silver within the international monetary structure.

Document 191

(p. 43b) SA/1/29

ALTERNATIVE A

(Suggested as additional section of Art. IX)

SECTION 8. To cooperate with other member countries in order to enable them to render really effective such controls and restrictions as these countries might adopt or continue, with the approval of the Fund, for the purpose of regulating international movements of capital.

7/7/44

J.S. Art. IX
Additional Section (8)

Document 192

Second Report of the Drafting Committee of Committee 1 of Commission I

July 7, 1944

The Drafting Committee met on July 7, 1944 to consider the matters referred to it by the Full Committee on July 5 and 6, 1944.

The following members were present: Mr. Goldenweiser, Chairman, Dr. Taiang, Dr. Gudin, Mr. Mladek, Mr. Melville, Professor Robbins, Mr. Morozov, and Mr. Varvaressos, and Mr. Brown and Mr. Young from the Secretariat.

The Drafting Committee recommends the following language for Article II, Section 1—Countries Eligible for Membership:

Article II, Section 1

"At the outset the members of the Fund shall be those of the countries represented at the United Nations Monetary and Financial Conference whose governments accept membership in the Fund.

"Subsequently membership in the Fund shall be open to other countries at such times and in accordance with such terms as may be prescribed by the Fund."

The Drafting Committee recommends the following language for Article II, Section 4 — Adjustment of Quotas (page 3):

"The Fund shall at intervals of five years review and, if it deems it appropriate, adjust 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 vote shall be required for any change in quotas and no quota shall be changed without the consent of the member concerned."

The Drafting Committee recommends the following language for Article II, Section 5—Initial Payments (page 4) :

"Each member shall pay in gold as a minimum either (a) twenty-five percent of its quota, or (b) ten percent of its official holdings of gold and gold convertible exchange,[1] whichever is smaller on ————. In the case of any member occupied by the enemy whose holdings are not ascertainable as of ————, the Fund shall fix an appropriate alternative date. The data necessary to determine official holdings of gold

July 7, 1944

and gold convertible exchange shall be (p. 2) furnished by the members as provided in this Agreement. Each member shall pay the balance of its quota in its own currency."

The Drafting Committee recommends the following language

[1] The phrase "gold and gold convertible exchange" is subject to definition and to such change in terminology as may be agreed upon.

for Article IX, Section 2—Gold Purchases Based on Parity Prices (page 38):

> "Monetary authorities or agents of member countries shall not buy or sell gold at prices which vary from the agreed parity of their currencies by more than a prescribed margin."

The Drafting Committee wishes to report that if any revisions are later included under Article IX, Section 1—Purpose and Scope of Additional Undertakings (p. 38 of Document SA/1), which affect Section 2 of this Article, the Committee wishes to reconsider its recommendation.

The Drafting Committee recommends the following language for Article IX, Section 3, Paragraph (a)—Foreign Exchange Dealings Based on Par Values (p. 39 of Document SA/1):

> "The Fund shall prescribe the margin by which the maximum and minimun rates for exchange transactions in member currencies may differ from parity. This margin, however, shall not exceed ——— percent of the parity."

This recommendation is made by the Drafting Committee in order to make clear that the purpose of the paragraph is to prescribe the spread within which transactions may be carried out and not to fix the level or parity of exchange rates which is dealt with in other provisions of the agreement. The discussions of the Drafting Committee, however, developed a difference of view as to whether it is intended that the buying and selling rates falling within the permissible spread should be agreed upon by the Fund and each member, or whether the member country should have full freedom in this respect. The Drafting Committee considered this to be a matter of substance and not falling within its competence, and referred the question to the Full Committee.

The Drafting Committee recommends the following language for Article IX, Section 3, Paragraph (b):

> "Each member undertakes, through appropriate measures authorized under this agreement, not to permit within its jurisdiction an appreciation or depreciation of (p. 3) the exchange value of its own currency in terms of gold beyond the range prescribed under (a) above. In particular, a member whose monetary authorities in fact freely buy and sell gold or gold convertible exchange within the prescribed range, to settle international transactions, shall be deemed to be fulfilling this undertaking."

Some members of the Drafting Committee felt that it would be necessary to obtain clarification of the precise meaning of the word "freely" as used in this provision.

The Drafting Committee deferred consideration of Article IX, Section 3, Paragraph (c), in accordance with its instructions from the Full Committee.

The Drafting Committee considered again Article I, Section 4 of the agreement which deals with the promotion of exchange stability as one of the purposes of the Fund. The Drafting Committee wishes to inquire of the Full Committee whether the procedure for changing exchange rates has been agreed upon since it can not make a recommendation on this section until that is done.

The Drafting Committee also considered Article II, Section 3—Time and Place of Payment (p. 2 of Document SA/1), which was referred to it by the Committee on July 4, 1944. After considering the possibility that the language in this clause might enable a country to be a member of the Fund for a considerable time without furnishing its quota, the Drafting Committee decided that the language of the clause was not susceptible of such interpretation and was, therefore, satisfactory. The delegate from Czechoslovakia wishes the Drafting Committee to report that his agreement with the wording of this section is contingent upon the manner in which the Conference finally decides to deal with Alternative B to this provision, which provides for special arrangements for the payment of quotas by countries whose currency systems have been disorganized as a result of the war.

Document 194

(p. 43a) SA/1/28

Alternative B

(Suggested as Article IX, Section 7)

Restrictions on Taxation of the Fund, Its Employees, and Obligations

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

(b) No member, or any political subdivision or any taxing authority thereof, shall impose or collect any tax on or measured by salaries paid by the Fund to its executive directors, officials and employees who are not citizens of such member.

(c) No member, or any political subdivision or taxing authority thereof, shall impose or collect any taxation on any obligation or security issued by the Fund, or any dividend or any interest thereon, by whomsoever held or received:

(i) which discriminates against such obligation, dividend, or interest, because of its origin; or

(ii) which is applied solely on the basis of the place or currency in which it is issued, made payable or paid, or solely on the basis of the location of any office or place of business maintained by the Fund.

(d) Each member shall inform the Fund of the detailed action it has taken to grant the exemptions and immunities provided for in this section and in section 5 respectively. Differences which may arise between such member and the Fund as to the sufficiency of propriety of any action shall be resolved in accordance with the provisions of Article XII, Section 1.

7/7/44 J.S. Art. IX
Additional Sec. (7)

Document 195

(p. 1f) SA/1/30

Alternative J

(Substitute for Joint Statement I, subdivision 2)

To facilitate the expansion and balanced growth of international trade, the fuller utilization of the resources of economically under-developed countries, and the promotion and maintenance in the world of a high level of employment and real income, which must be primary objectives of economic parley.

7/7/44 J.S. Art. I

Document 196

(p. 40a) SA/1/31

Alternative C

The following has been suggested as an addition to Article IX, Subdivision 4, Alternative A:—

Nothing in this section shall prevent a member from determining the extent to which it will be prepared to incur any financial commitment to any other member.

7/7/44

J.S. Art. IX
Section 3

Document 198

CI/4/S1

Committee 4 of Commission I

Report of the Subcommittee to Consider Article IX, Section 7—and of the Asterisk Committee

July 7, 1944

At the fourth meeting of Committee 4 the Chairman of the subcommittee to consider article IX, section 7 read the document approved by his Committee.

Following the regular meeting of Committee 4 the Asterisk Committee met to consider articles XI and XII.

Copies of the articles referred to above as approved by their respective committees are enclosed.

MANUEL B. LLOSA
Chairman of Committee 4
COL. CHARLES DYSON
Secretary, Committee 4

7/7/44

(p. 33a)

JOINT STATEMENT—No Provisions

The following material has been suggested as an addition to Article VII.

Alternative B

Section 11. *Miscellaneous Powers.*

In order to carry out its purposes, the Fund shall have full legal personality and, in particular, may:

(1) Make contracts;

(2) Acquire and dispose of movable and immovable property; and:

(3) Institute legal proceedings in any court of competent jurisdiction;

(4) Employ such staff as shall be necessary to conduct the business of the Fund; and

(5) Adopt such rules or regulations as may be necessary or appropriate to conduct the business of the Fund.

7/7/44 J.S. Art. VII
Additional Section

(p. 45a)

JOINT STATEMENT—No Provisions

Alternative C

Substitute for Article XI—Amendment

Any proposal to introduce modifications in the agreement, whether emanating from a member a Governor or an Executive Director, 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 by a majority of the aggregate votes, the Fund shall, by circular letter, ask the governments of all the members whether they accept the proposed amendment. *When three-fifths of the members, having four-fifths of the aggregate votes,* have accepted the proposed amendment, the Fund shall certify the fact by means of a *proces verbal,* which it shall communicate to the governments of all members.

However, the acceptance of the amendment by the governments of all members is required in the case of modifications of (1) the right to withdraw from the Fund; (2) the provision that no change in a member's quota shall be made without its consent; (3) the provision that no change may be made in the par value of a member's currency except on the initiative of that member.

The amendment will enter into force for all members three months after the date of the *proces verbal* unless a shorter period is specified in the circular letter.

7/7/44 J.S. Art. XI
(Additional Article)

(p. 46a)

JOINT STATEMENT—No Provisions

The following material has been suggested as part of an additional Article (XII) on interpretation of the Agreement.

Alternative C

Article XII—*Interpretation of the Agreement*

Section 1. *Interpretation.*

(a) All questions 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 of the Fund for their decision. If the question is one which involves a dispute affecting particularly one (or more) member(s) and that (or those) member(s) are not represented among the Executive Directors by a Director appointed by it (or them) then the provisions of Article VII, section 7, document 152, apply.

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

(c) Whenever a disagreement arises between the Fund and a country which has ceased to be a member, or between the Fund and any member country after 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 country involved and an umpire who, unless the parties otherwise agree, shall be appointed by the President of the Permanent Court of International Justice. The umpire shall have full power to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

7/7/44

Art. XII, Sec. 1
(Additional Article)

Document 199

(p. 31)

JOURNAL

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

No. 8 Bretton Woods, New Hampshire July 8, 1944

ORDER OF THE DAY

Meetings for Saturday, July 8

9:30 a.m.	Committee 1 of Commission I	Auditorium
9:30 a.m.	Committee 3 of Commission I	The Hemicycle
11:30 a.m.	Committee 2 of Commission I	Auditorium
11:30 a.m.	Committee 4 of Commission I	The Hemicycle
2:30 p.m.	Agenda Committee of Commission III	Room B

(p. 32)

RÉSUMÉS OF COMMITTEE MEETINGS

Committee 2 of Commission I

Operations of the Fund

(*July* 7, 2:30 *p.m.*)

The fifth meeting of Committee 2 of Commission I was held on July 7 at 2:30 p.m. The Chairman read Document 175, "Procedural Decisions of the Steering Committee", and asked the Committee members to cooperate with the Chairman to expedite the work of the Committee.

It was pointed out that the last paragraph of Document 166 should be read as an addendum to Alternative A (p. 19, Document SA/1).

The Committee continued its discussion of article IV, Par Values of Member Currencies. The Committee agreed to report to Commission I a difference of opinion on section 5. The Committee approved Alternative A (p. 19) and the addendum referred to above (erroneously circulated as p. 16). The Committee approved Alternative A (p. 20).

The Committee then began its discussion of article V, Capital Transactions, sections 1 and 2, and approved Alternative A (p. 21) and Alternative A (p. 22) with minor amendments. The Committee agreed to defer discussion of article VI, Apportionment of Scarce Currencies, Alternative A (p. 23a).

(The minutes of this meeting are being distributed separately as document no. 205.)

Committee 3 of Commission I

Organization and Management of the Fund

(*July* 7, 9:30 *a.m.*)

The Committee amended article VII, additional section 10 (p. 32), by substituting "The Board of Governors" for "The Fund". With this amendment, the section was adopted. Article III, section 11 (p. 14), was explained, but discussion was deferred on the request of some of the members. Alternative C to article VII, sections 1, 2, and 3 (Document 178, p. 26d), was presented to the Committee and was referred to the subcommittee already dealing with the question of the executive directors and methods of election. The Committee took no action on article VII, sections 1, 2, and 3, pending a report of its special subcommittee. Discussion of article VIII, section 3 (p. 36), was postponed until the next meeting to allow time for the consideration of a proposed Alternative B (p. 36b).

(The minutes of this meeting are being distributed separately as document no. 200.)

(p. 33)

Committee 4 of Commission I

Form and Status of the Fund

(*July* 7, 2:30 *p.m.*)

The fourth meeting of Committee 4 of Commission I was held on July 7 at 2:30 p.m. The Chairman of the subcommittee to review article IX, section 7, read the document agreed upon by the members of the Committee, with the observation that one of the delegates reserved decision on a part of the document read to the full Committee.

(The minutes of this meeting are being distributed separately as document no. 204.)

Notice

All delegations are reminded that corrections or additions to be included in the definitive printed list of delegations will be received until 6 p.m. today at the *Journal* office (room 69). The manuscript for the list is now being prepared in final form for delivery to the printer. Corrections and revisions which have been requested through the Office of the Secretary General and the Registration and Information Desk have been entered, as well as changes requested by delegations whose offices were open when members of the *Journal* staff called yesterday afternoon.

If no changes are requested, it will be presumed that the list as printed is correct.

Bond Wagon Tour

New Hampshire's Invasion Bond Wagon, which has been touring the State selling Fifth War Loan bonds, will arrive at the United Nations Monetary and Financial Conference at about 9 a.m. today.

The caravan of Army vehicles carrying war-front exhibits is in the Bretton Woods area, and New Hampshire War Finance Committee officials thought that delegates to the Conference would be interested in a demonstration of one of the methods being used in the United States to raise funds to finance the prosecution of the war. There will be no solicitation of subscriptions at the Conference.

(p. 34) Navy Chief Petty Officer William Leary is in charge of the Bond Wagon. Sgt. Armand Deaudoin, injured veteran of the North African campaign, has been the principal bond salesman of the tour and has spoken at numerous bond rallies throughout the State. He has been decorated by the United States and by the Free French for heroic rescue work in an ammunition-explosion disaster in which he received severe injuries.

Among the exihibits accompanying the Bond Wagon is a float from a Japanese Zero shot down in the Pacific area.

New Hampshire has as its goal sale of enough "E" bonds to finance construction of a destroyer to be named the U.S.S. *Frank Knox,* after the late Secretary of the Navy, whose home was in Manchester.

(p. 35)

LIST OF DOCUMENTS ISSUED AS OF JULY 7, 1944

Subject	*Symbol No.*	*Doc. No.*
Statement by Mexican Delegation	PR/16	135
Statement by Uruguayan Delegation	PR/17	136
Journal No. 6	J/6	137
Minutes of Commission I, Committee 1, July 5, 4 p.m.	CI/1/M3	138
Order of the Day	GD/17	139
Minutes of Commission I, Committee 2, July 5, 5:30 p.m.	CI/2/M3	140
Minutes of Commission I, Committee 3, July 5, 4 p.m.	CI/3/M3	141
Minutes of Commission I, Committee 4, July 5, 5:30 p.m.	CI/4/M2	142
Additional Pages to SA/1	SA/1/8	143
" " " "	SA/1/9	144
" " " "	SA/1/10	145
" " " "	SA/1/11	146
" " " "	SA/1/12	147
" " " "	SA/1/13	148
" " " "	SA/1/14	149
" " " "	SA/1/15	150
" " " "	SA/1/16	151
" " " "	SA/1/17	152
Memorandum to be Submitted to Commission I, Committee 2, by Egyptian Delegation	DP/5	153
News Bulletin No. 4		154
Representation of Delegations on Commissions and Committees	GD/19	156
Mexican Delegation Proposal on Silver—Address Delivered Before Committee 2, Commission I, July 5, 1944	DP/6	157

Subject	*Symbol No.*	*Doc. No.*
Spanish Translation, Joint Statement by Experts on Establishment of International Monetary Fund, April 21, 1944	PC/6	158
(p. 36)		
Additional Page to SA/1	SA/1/18	161
Indian Delegation Proposal	DP/7	162
Additional Page to SA/1—Uniform Changes in Par Values	SA/1/19	164
News Bulletin No. 5		165
Additional Page to SA/1	SA/1/20	166
Statement Made by Mahmoud Saleb El Falaky, Delegate for Egypt, in Support of Alternative H, Article I, Before the Meeting of Committee 1 of Commission I on July 6, 1944	DP/8	167
Journal No. 7	J/7	168
Agenda of Commission II—Agreement to Establish a Bank for Reconstruction and Development	SA/2	169
Order of the Day	GD/22	170
Minutes of Committee 2, Commission I, July 6, 2:30 p.m.	CI/2/M4	171
Minutes of Committee 1, Commission I, July 6, 10 a.m.	CI/1/M4	172
Minutes of Committee 3, Commission I, July 6, 10 a.m.	CI/3/M4	173
Minutes of Committee 4, Commission I, July 6, 2:30 p.m.	CI/4/M3	174
Procedural Decisions of Steering Committee, July 6	C/S/M1	175
News Bulletin No. 6		176
Additional Pages to SA/1	SA/1/21	177
" " " "	SA/1/22	178
" " " "	SA/1/23	179
" " " "	SA/1/24	180
" " " "	SA/1/25	181
" " " "	SA/1/26	182
" " " "	SA/1/27	183
Press Release No. 18, Address by Dr. K'ung	PR/18	184
(p. 37)		
Press Release No. 19 (Invasion Bond Wagon)	PR/19	185
Status of Business Before Committee 3, Commission II	CII/3/B1	186
Agreement on Earmarked Gold—Mexican Delegation	DP/9	187
Press Release No. 20, Statement by Delegate of Union of South Africa	PR/20	188
Mexico's Proposal on Silver	DP/10	189
Address by Dr. K'ung (Rerun of Doc. 184)	PR/18	190
Additional Page of SA/1	SA/1/29	191
Second Report of the Drafting Committee of Committee 1 of Commission I, July 7	CI/1/DC2	192

Document 200

CI/3/M5

Minutes of Meeting of Committee 3 of Commission I

Organization and Management of the Fund

(*July* 7, 1944, 9:30 *a.m.*)

The Committee amended article VII (additional section 10) (p. 32), by substituting "The Board of Governors" for "The Fund". With this amendment, the section was adopted. Article III, section 11 (p. 14), was explained, but discussion was deferred on the request of some of the members. Alternative C to article VII, sections 1, 2, and 3 (Document 178, p. 26d), was presented to the Committee and was referred to the subcommittee already dealing with the question of the executive directors and methods of election. The Committee took no action on article VII, sections 1, 2, and 3, pending a report of its special subcommittee. Discussion of article VIII, section 3 (p. 36), was postponed until the next meeting to allow time for the consideration of a proposed Alternative B (p. 36b).

Document 201 (156)

GD/23

Representation of Delegations on Commissions and Committees

Commission I

Chairman—Harry D. White (U.S.A.)
Vice Chairman—Rodolfo Rojas (Venezuela)
Reporting Delegate—L. Rasminsky (Canada)
Secretary—Leroy D. Stinebower
Assistant Secretary—Eleanor Dulles

AUSTRALIA
Leslie G. Melville
James B. Brigden
Frederick H. Wheeler
Arthur H. Tange
BELGIUM
Camille Gutt
BOLIVIA
No designation
BRAZIL
No designation
CZECHOSLOVAKIA
Ladislav Feierabend
Jan Mladek
Antonin Basch
Josef Hanc
Ervin Hexner
DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez
ECUADOR
E. F. Carbo

CANADA
W. A. Mackintosh
L. Rasminsky
A. F. W. Plumptre
J. J. Deutsch
D. C. Abbott
J. A. Blanchette
CHILE
Luis Alamos
German Riesco
Arturo Maschke
Fernando Mardones
CHINA
Tingfu F. Tsiang
COLOMBIA
Carlos Lleras Restrepo
COSTA RICA
Luis D. Tinoco Castro
Jose Raquel Oreamuno
CUBA
Ing. E. I. Montoulieu
Oscar Garcia Montes
Ramiro Guerra
Luis Machado
J. M. Menocal
Miguel A. Pirez
Eduardo Durruthy
Felipe Pazos

EGYPT
Sany Lackany Bey
Mahmoud Saleh El Falaky
Ahmed Selim
EL SALVADOR
Agustin Alfaro Moran
ETHIOPIA
Blatta Ephrem T. Medhen
FRENCH DELEGATION
Andre Istel
Raoul Aglion
Jean de Largentaye
Robert Mosse
GREECE
Kyriakos Varvaressos
Alexander Argyropoulos
GUATEMALA
Manuel Noriega Morales

(p. 2)

HAITI
Pierre Chauvet
HONDURAS
Julian R. Caceres
ICELAND
Magnus Sigurdsson
INDIA
Sir A. J. Raisman
Sir Theodore E. Gregory
Sir Shanmukham Chetty
Sir Chintaman D. Deshmukh
A. D. Shroff
IRAN
Abol Hasan Ebtehaj
Hosein Navab
Taghi Nassr
IRAQ
Ibrahim Kamal
L. M. Swan
Ibrahim Al-Kabir
C. E. Loombo

NICARAGUA
Guillermo Sevilla Sacasa
J. Jesus Sanchez Roig
Leon DeBayle
NORWAY
Wilhelm Keilhau
Ole Colbjornsen
Arne Skaug
PANAMA
Guillermo Arango
Narciso E. Garay
PARAGUAY
Celso R. Velazquez
Nestor M. Campos Ros
PERU
Pedro G. Beltran
Juvenal Monge
Emilio Barreto Latzeb
PHILIPPINE COMMONWEALTH
Andres Soriano
Jaime Hernandez
Joseph H. Foley
Ismael Mathay

LIBERIA
William E. Dennis
LUXEMBOURG
Hugues Le Gallais
MEXICO
Eduardo Suarez
Antonio Espinosa de los Monteros
NETHERLANDS
J. W. Beyen
D. Crena de Iongh
H. Riemens
J. J. Polak
C. H. Schoch
A. Broches
NEW ZEALAND
Walter Nash
B. C. Ashwin
B. R. Turner
A. G. B. Fisher
E. C. Fussell
POLAND
Leon Baranski
UNION OF SOUTH AFRICA
J. E. Holloway
M. H. de Kock
W. C. Naude
UNION OF SOVIET SOCIALIST REPUBLICS
No designation
UNITED KINGDOM
Lord Keynes
R. H. Brand
Sir W. Eady
R. Opie
UNITED STATES OF AMERICA
F. M. Vinson
URUGUAY
Mario La Gamma Acevedo
Hugo Garcia
VENEZUELA
No designation
YUGOSLAVIA
Vladimir Rybar

COMMISSION I

Committee 1

Chairman—Dr. Tingfu F. Tsiang (China)
Reporter—Kyriakos Varvaressos (Greece)
Secretary—W. A. Brown

AUSTRALIA
Leslie G. Melville
James B. Brigden
Frederick H. Wheeler
Arthur H. Tange
BELGIUM
Baron Rene Boel
BOLIVIA
No designation
BRAZIL
Eugenio Gudin
CANADA
W. A. Mackintosh
L. Rasminsky
A. F. W. Plumptre
CHILE
Luis Alamos
CHINA
Te-Liang Soong
COLOMBIA
No designation
EL SALVADOR
Agustin Alfaro Moran
Victor Manuel Valdes
Raul Gamero
ETHIOPIA
Blatta Ephrem Medhen
FRENCH DELEGATION
A. Istel
J. de Largentaye
R. Mosse
GREECE
Kyriakos Varvaressos
GUATEMALA
Manuel Noriega Morales
HAITI
Pierre Chauvet
HONDURAS
Julian R. Caceres
ICELAND
A. Asgeirsson

COSTA RICA
No designation
CUBA
Ramiro Guerra
Garcia Montes
Eduardo Durruthy
CZECHOSLOVAKIA
Jan Mladek
Antonin Basch
Ernest Sturc
DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez
ECUADOR
E. F. Carbo
S. E. Duran Ballen
EGYPT
Sany Lackany Bey
Mahmoud Saleh El Falaky
Ahmed Selim

INDIA
Sir A. J. Raisman
Sir Theodore E. Gregory
Sir Shanmukham Chetty
Sir Chintaman D. Doshmukh
A. D. Shroff
IRAN
No designation
IRAQ
Ibrahim Kamal
L. M. Swan
Ibrahim Al-Kabir
C. E. Loombe
LIBERIA
William E. Dennis
LUXEMBOURG
Hugues Le Gallais
MEXICO
No designation

(p. 2)

NETHERLANDS
J. W. Beyen
D. Crena de Iongh
H. Riemens
NEW ZEALAND
Walter Nash
B. C. Ashwin
A. G. B. Fisher
E. C. Fussell
B. R. Turner
NICARAGUA
Leon DeBayle
J. Jesus Sanchez Roig
Guillermo Sevilla Sacasa
NORWAY
Wilhelm Keilhau
Arne Skaug
Kaaro Petersen
PANAMA
Guillermo Arango
Narciso E. Garay
PARAGUAY
No designation
PERU
Pedro G. Beltran
Juan Chavez
Emilio Barreto
PHILIPPINE COMMONWEALTH
Andres Soriano
Joseph H. Foley

POLAND
S. Kirkor
UNION OF SOUTH AFRICA
J. E. Holloway
M. H. de Kock
W. C. Naude
UNION OF SOVIET SOCIALIST REPUBLICS
A. P. Morozov
F. P. Bystrov
P. Titov
N. Ivanov
UNITED KINGDOM
Lionel Robbins
A. W. Snelling
UNITED STATES OF AMERICA
Mable Newcomer
F. M. Vinson
E. A. Goldenweiser
E. A. Collado
H. Edmiston
URUGUAY
Mario La Gamma Acevedo
VENEZUELA
Rodolfo Rojas
Cristobal L. Mendoza
M. Perez Guerrero
YUGOSLAVIA
Vladimir Rybar

Commission I

Committee 2

Chairman—N. A. Maletin (U.S.S.R.)
Vice Chairman—W. A. Mackintosh (Canada)
Reporter—Robert Mosse (French Delegation)
Secretary—Karl Bopp
Assistant Secretary—Alice Bourneuf

AUSTRALIA
Leslie G. Melville
James B. Brigden
Frederick H. Wheeler
Arthur H. Tange
BELGIUM
Georges Theunis
BOLIVIA
No designation
BRAZIL
Francisco Alves dos Santos Filho
CANADA
L. Rasminsky
W. A. Mackintosh
J. J. Deutsch
CHILE
German Riesco
CHINA
Tsu-Yee Pei
COLOMBIA
No designation
COSTA RICA
No designation
CUBA
Garcia Montes
Eduardo Durruthy
Felipe Pazos
CZECHOSLOVAKIA
Antonin Basch
Jan Mladek
DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez
ECUADOR
E. F. Carbo
S. E. Duran Ballen
EGYPT
Sany Lackany Bey
Mahmoud Saleh El Falaky
Ahmed Selim
EL SALVADOR
Agustin Alfaro Moran
Raul Gamero
Victor Manuel Valdes
ETHIOPIA
George A. Blowers
FRENCH DELEGATION
A. Istel
J. de Largentaye
R. Mosse
GREECE
Kyriakos Varvaressos
GUATEMALA
Manuel Noriega Morales
HAITI
Pierre Chauvet
HONDURAS
No designation
ICELAND
S. Frimannsson
INDIA
Sir A. J. Raisman
Sir Theodore E. Gregory
Sir Shanmukham Chetty
Sir Chintaman D. Deshmukh
A. D. Shroff
IRAN
No designation
IRAQ
Ibrahim Kamel
L. M. Swan
Ibrahim Al-Kabir
C. E. Loombe
LUXEMBOURG
Hugues Le Gallais
MEXICO
No designation

(p. 2)

NETHERLANDS
D. Crena de Iongh
A. Andriesse
A. Bestebreurtje
J. J. Polak

NEW ZEALAND
E. C. Fussell
A. G. B. Fisher
B. C. Ashwin
B. R. Turner

NICARAGUA
J. Jesus Sanchez Roig
Guillermo Sevilla Sacasa
Leon DeBayle

NORWAY
Ole Colbjornsen
Arne Skaug
Kaare Petersen

PANAMA
Guillermo Arango
Narciso E. Garay

PARAGUAY
No designation

PERU
Pedro G. Beltran
Juvenal Monge
Emilio G. Barreto

PHILIPPINE COMMONWEALTH
Andres Soriano
Joseph H. Foley

POLAND
Zygmunt Karpinski

UNION OF SOUTH AFRICA
J. E. Holloway
M. H. de Kock
W. C. Naude

UNION OF SOVIET SOCIALIST REPUBLICS
N. Maletin
A. Smirnov
L. Andreev
M. Chekmarev
N. Kuznetzov

UNITED KINGDOM
D. H. Robertson
G. L. F. Bolton
H. E. Brooks

UNITED STATES OF AMERICA
E. E. Brown
M. S. Eccles
J. P. Wolcott
E. M. Bernstein
J. W. Angell
W. Gardner
A. H. Hansen
E. G. Collado

URUGUAY
Mario La Gamma Acevedo

VENEZUELA
Rodolfo Rojas
J. J. Gonzalez Gorrondona
M. Perez Guerrero

YUGOSLAVIA
Vladimir Rybar

COMMISSION I

Committee 3

Chairman—Arthur de Souza Costa (Brazil)
Reporter—Ervin Hexner (Czechoslovakia)
Secretary—Malcolm Bryan
Assistant Secretary—J. H. Bitterman

AUSTRALIA
Leslie G. Melville
James B. Brigden
Frederick H. Wheeler
Arthur H. Tange

BELGIUM
Camille Gutt

BOLIVIA
No designation

BRAZIL
Valentim Boucas

EL SALVADOR
Agustin Alfaro Moran
Victor Manuel Valdes
Raul Gamero

ETHIOPIA
George A. Blowers

FRENCH DELEGATION
J. de Largentaye
R. Aglion

749013—48—17

CANADA
J. J. Deutsch
J. A. Blanchette
D. C. Abbott
CHILE
Arturo Maschke
CHINA
Te-Mou Hsi
COLOMBIA
No designation
COSTA RICA
No designation
CUBA
Luis Machado
J. M. Menocal
Miguel Pirez
CZECHOSLOVAKIA
Ervin Hexner
Josef Hanc
DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez
ECUADOR
S. E. Duran Ballen
E. F. Carbo
EGYPT
Sany Lackany Bey
Mahmoud Saleh El Falaky
Ahmed Selim
GREECE
Alexander Argyropoulos
Kyriakos Varvaressos
GUATEMALA
Manuel Noriega Morales
HAITI
Pierre Chauvet
HONDURAS
No delegation
ICELAND
M. Sigurdsson
INDIA
Chintaman Deshmukh
Theodore Gregory
IRAN
No designation
IRAQ
Ibrahim Kamal
L. M. Swan
Ibrahim Al-Kabir
C. E. Loombe
LIBERIA
Walter F. Walker
LUXEMBOURG
Hugues Le Gallais
MEXICO
No designation

(p. 2)

NETHERLANDS
J. W. Beyen
C. H. Schoch
NEW ZEALAND
A. G. B. Fisher
E. C. Fussell
B. C. Ashwin
B. R. Turner
NICARAGUA
Guillermo Sevilla Sacasa
Leon DeBayle
J. Jesus Sanchez Roig
NORWAY
Arne Skaug
Ole Colbjornsen
Kaare Petersen
PANAMA
Guillermo Arango
Narciso E. Garay
PARAGUAY
No designation
UNION OF SOUTH AFRICA
J. E. Holloway
M. H. de Kock
W. C. Naude
UNION OF SOVIET SOCIALIST REPUBLICS
I. Slobin
M. Idashkin
N. Cheklin
UNITED KINGDOM
Sir Eady
W. E. Beckett
G. L. F. Bolton
R. T. G. Miles
UNITED STATES OF AMERICA
R. F. Wagner
C. W. Tobey
A. F. Luxford
B. Cohen
E. M. Bernstein
O. Cox

PERU
Andres F. Dasso
PHILIPPINE COMMONWEALTH
Jaime Hernandez
Ismael Mathay
POLAND
Janusz Zoltowski
URUGUAY
Hugo Garcia
VENEZUELA
Rodolfo Rojas
J. J. Gonzalez Gorrondona
M. Perez Guerrero
YUGOSLAVIA
Vladimir Rybar

Commission I

Committee 4

Chairman—Manuel B. Llosa, Peru
Reporter—Wilhelm Keilhau, Norway
Secretary—Colonel Charles M. Dyson
Assistant Secretary—Lauren Casaday

AUSTRALIA
Leslie G. Melville
James B. Brigden
Frederick H. Wheeler
Arthur H. Tange
BELGIUM
Joseph Nisot
BOLIVIA
No designation
BRAZIL
Octavio Bulhoes
CANADA
D. C. Abbott
A. F. W. Plumptre
J. A. Blanchette
CHILE
Fernando Mardones
CHINA
Victor Hoo
COLOMBIA
No designation
COSTA RICA
No designation
CUBA
Luis Machado
Miguel Pirez
J. M. Menocal
CZECHOSLOVAKIA
Josef Hanc
Ervin Hexner
DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez
ECUADOR
Sixto E. Duran Ballen
Esteban F. Carbo
EGYPT
Sany Lackany Bey
Mahmoud Saleh El Falaky
Ahmed Selim
EL SALVADOR
Agustin Alfaro Moran
Raul Gamero
Victor Manuel Valdes
ETHIOPIA
Blatta Ephrem T. Medhen
FRENCH DELEGATION
Raoul Aglion
Jean de Largentaye
GREECE
Athanase Sbarounis
Kyriakos Varvaressos
GUATEMALA
Manuel Noriega Morales
HAITI
Pierre Chauvet
HONDURAS
No designation
ICELAND
Magnus Sigurdsson
INDIA
Sir Chintaman D. Deshmukh
Sir Theodore E. Gregory
IRAN
No designation
IRAQ
Ibrahim Kamal
L. M. Swan
Ibrahim Al-Kabir
C. L. Loombe
LIBERIA
William E. Dennis

(p. 2)

LUXEMBOURG
Hugues Le Gallais

MEXICO
No designation

NETHERLANDS
A. H. Philipse
A. Broches

NEW ZEALAND
B. C. Ashwin
E. C. Fussell
A. G. B. Fisher
B. R. Turner

NICARAGUA
Leon DeBayle
J. Jesus Sanchez Roig
Guillermo Sevilla Sacasa

NORWAY
Wilhelm Keilhau
Ole Colbjornsen
Kaare Petersen

PANAMA
Guillermo Arango
Narciso E. Garay

PARAGUAY
No designation

PERU
Manuel B. Llosa
Juvenal Monge
Emilio Barreto Latzeh

PHILIPPINE COMMONWEALTH
Jaime Hernandez
Ismael Mathay

POLAND
Leon Baranski

UNION OF SOUTH AFRICA
J. E. Holloway
M. H. de Kock
W. C. Naude

UNION OF SOVIET SOCIALIST REPUBLICS
A. Arutinian
F. Bystrov
N. Panchenko

UNITED KINGDOM
N. B. Ronald
W. E. Beckett
J. W. Russell

UNITED STATES OF AMERICA
D. Acheson
B. Spence
L. T. Crowley
O. Cox
L. S. Pasvolsky
R. B. Brenner

URUGUAY
Hugo Garcia

VENEZUELA
Rodolfo Rojas
Cristobal L. Mendoza
Alfonso Espinoza
Manuel Perez Guerrero

YUGOSLAVIA
Vladimir Rybar

Commission II

Chairman—Lord Keynes (U. K.)
Vice Chairman—Luis Alamos Barros (Chile)
Reporting Delegate—Georges Theunis (Belgium)
Secretary—A. Upgren
Assistant Secretary—A. Smithies

AUSTRALIA
Leslie G. Melville
James B. Brigden
Frederick H. Wheeler
Arthur H. Tange

BELGIUM
Camille Gutt

BOLIVIA
No designation

FRENCH DELEGATION
Andre Istel
Raoul Aglion
Jean de Largentaye
Robert Mosse

GREECE
Kyriakos Varvaressos
Athanase Sbarounis

BRAZIL
No designation
CANADA
L. Rasminsky
W. A. Mackintosh
A. F. W. Plumptre
J. J. Deutsch
CHILE
No designation
CHINA
Yee-Chung Koo
COLOMBIA
Miguel Lopez Pumarejo
COSTA RICA
Francisco de P. Gutierrez Ross
Jose Rafael Oreamuno
CUBA
No designation
CZECHOSLOVAKIA
Ladislav Feierabend
Antonin Basch
DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez
ECUADOR
No designation
EGYPT
No designation
EL SALVADOR
No designation
ETHIOPIA
George A. Blowers

GUATEMALA
Manuel Noriega Morales
HAITI
Andre Liautaud
HONDURAS
Julian R. Caceres
ICELAND
Magnus Sigurdsson
INDIA
Sir A. J. Raisman
IRAN
Taghi Nassr
A. H. Ebtehaj
A. A. Daftary
IRAQ
Ibrahim Kamal
L. M. Swan
Ibrahim Al-Kabir
C. E. Lumb
LIBERIA
James E. Cooper
LUXEMBOURG
Hugues Le Gallais
MEXICO
Eduardo Suarez
Daniel Cosio Villegas
NETHERLANDS
J. W. Beyen
D. Crena de Iongh
A. H. Philipse
A. Andriesse
A. Bestebreurtje

(p. 2)

NEW ZEALAND
Walter Nash
B. C. Ashwin
A. G. B. Fisher
E. C. Fussell
B. R. Turner
NICARAGUA
Leon DeBayle
Guillermo Sevilla Sacasa
J. Jesus Sanchez Roig
NORWAY
Ole Colbjernsen
Wilhelm Keilhau
Arne Skaug
PANAMA
Guillermo Arango
Narciso E. Garay

PHILIPPINE COMMONWEALTH
Andres Soriano
Jaime Hernandez
Joseph H. Foley
Ismael Mathay
POLAND
Ludwik Grosfeld
UNION OF SOUTH AFRICA
M. H. de Kock
J. E. Holloway
W. C. Naude
UNION OF SOVIET SOCIALIST REPUBLICS
No designation
UNITED KINGDOM
No designation
UNITED STATES OF AMERICA
No designation

PARAGUAY
Celso R. Velazquez
Nestor M. Campos Ros

PERU
Andres F. Dasso
Juvenal Monge

URUGUAY
Mario La Gamma Acevedo
Hugo Garcia

VENEZUELA
No designation

YUGOSLAVIA
Vladimir Rybar

COMMISSION II

Committee 1

Chairman—Representative of Netherlands
Reporter—Representative of Costa Rica

AUSTRALIA
Leslie G. Melville
James B. Brigden
Frederick H. Wheeler
Arthur H. Tange

BELGIUM
Baron Rene Boel

BOLIVIA
No designation

BRAZIL
Eugenio Gudin

CANADA
No designation

CHILE
Luis Alamos

CHINA
Te-Mou Hsi

COLOMBIA
No designation

COSTA RICA
No designation

CUBA
Ramiro Guerra
Eduardo Durruthy

CZECHOSLOVAKIA
Ervin Hexner
Jan Mladek
Ernest Sturc

DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez

ECUADOR
E. F. Carbo
S. E. Duran Ballen

EGYPT
No designation

FRENCH DELEGATION
A. Istel
J. de Largentaye
R. Mosse

GREECE
K. Varvaressos

GUATEMALA
Manuel Noriega Morales

HAITI
Andre Liautaud

HONDURAS
No designation

ICELAND
A. Asgeirsson

INDIA
Sir Chintaman D. Deshmukh

IRAN
No designation

IRAQ
No designation

LIBERIA
James E. Cooper

LUXEMBOURG
Hugues Le Gallais

MEXICO
No designation

NETHERLANDS
J. W. Beyen
A. H. Philipse
J. J. Polak

NEW ZEALAND
Walter Nash
B. C. Ashwin
A. G. B. Fisher
E. C. Fussell
B. R. Turner

EL SALVADOR
No designation
ETHIOPIA
Blatta Ephrem T. Medhen
NICARAGUA
J. Jesus Sanchez Roig
Guillermo Sevilla Sacasa
Leon DeBayle

(p. 2)
NORWAY
No designation
PANAMA
Guillermo Arango
Narciso E. Garay
PARAGUAY
No designation
PERU
Pedro G. Beltran
Andres F. Dasso
Juvenal Monge
Emilio G. Barreto
PHILIPPINE COMMONWEALTH
Andres Soriano
Joseph H. Foley
POLAND
Leon Baranski
UNION OF SOUTH AFRICA
No designation
UNION OF SOVIET SOCIALIST REPUBLICS
A. Morozov
E. Bystrov
P. Titov
UNITED KINGDOM
No designation
UNITED STATES OF AMERICA
No designation
URUGUAY
Mario La Gamma Acevedo
VENEZUELA
No designation
YUGOSLAVIA
Vladimir Rybar

Commission II

Committee 2

Chairman—Representative of Cuba
Reporter—Representative of Australia

AUSTRALIA
Leslie G. Melville
James B. Brigden
Frederick H. Wheeler
Arthur H. Tange
BELGIUM
Georges Theunis
BOLIVIA
No designation
BRAZIL
Francisco Alves dos Santos Filho
CANADA
No designation
CHILE
German Riesco
CHINA
Tsu-Yee Pei
COLOMBIA
No designation
COSTA RICA
No designation
EL SALVADOR
No designation
ETHIOPIA
George A. Blowers
FRENCH DELEGATION
Andre Istel
Robert Mosse
Jean de Largentaye
GREECE
Kyriakos Varvaressos
GUATEMALA
Manuel Noriega Morales
HAITI
Andre Liautaud
HONDURAS
No designation
ICELAND
Sveinbjorn Frimannsson
INDIA
No designation
IRAN
No designation

CUBA
Garcia Montes
Eduardo Durruthy

CZECHOSLOVAKIA
Jan Mladek
Antonin Basch

DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez

ECUADOR
E. F. Carbo
S. E. Duran Ballen

EGYPT
No designation

IRAQ
No designation

LIBERIA
William E. Dennis

LUXEMBOURG
Hugues Le Gallais

MEXICO
No designation

NETHERLANDS
D. Crena de Iongh
A. Andriesse
A. Bestebreurtje

(p. 2)

NEW ZEALAND
E. C. Fussell
A. G. B. Fisher
B. C. Ashwin
B. R. Turner

NICARAGUA
Guillermo Sevilla Sacasa
Leon DeBayle
J. Jesus Sanchez Roig

NORWAY
No designation

PANAMA
Guillermo Arango
Narciso E. Garay

PARAGUAY
No designation

PERU
Alberto Alvarez Calderon
Juvenal Monge

PHILIPPINE COMMONWEALTH
Andres Soriano
Joseph H. Foley

POLAND
Leon Baranski

UNION OF SOUTH AFRICA
No designation

UNION OF SOVIET SOCIALIST REPUBLICS
N. Chechulin
A. Smirnov
A. Borisov
Mrs. L. Gouseva

UNITED KINGDOM
No designation

UNITED STATES OF AMERICA
No designation

URUGUAY
Mario La Gamma Acevedo

VENEZUELA
No designation

YUGOSLAVIA
Vladimir Rybar

Commission II

Committee 3

Chairman—Representative of Brazil
Reporter—Representative of Peru

AUSTRALIA
Leslie G. Melville
James B. Brigden
Frederick H. Wheeler
Arthur H. Tange

ETHIOPIA
George A. Blowers

FRENCH DELEGATION
J. de Largentaye
R. Aglion

BELGIUM
B. S. Chlepner
BOLIVIA
No designation
BRAZIL
Francisco Alves dos Santos Filho
CANADA
No designation
CHILE
Arturo Maschke Tornero
CHINA
Ts-Liang Soong
COLOMBIA
No designation
COSTA RICA
No designation
CUBA
Luis Machado
Manuel Menocal
CZECHOSLOVAKIA
Antonin Basch
Ernest Sturc
DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez
ECUADOR
S. E. Duran Ballen
E. F. Carbo
EGYPT
No designation
EL SALVADOR
No designation

GREECE
Alexander Argyropoulos
Kyriakos Varvaressos
GUATEMALA
Manuel Noriega Morales
HAITI
Andre Liautaud
HONDURAS
No designation
ICELAND
M. Sigurdsson
INDIA
No designation
IRAN
No designation
IRAQ
No designation
LIBERIA
Walter E. Walker
LUXEMBOURG
Hugues Le Gallais
MEXICO
No designation
NETHERLANDS
J. W. Beyen
H. Riemens
NEW ZEALAND
A. G. B. Fisher
E. C. Fussell
C. B. Ashwin
B. R. Turner

(p. 2)

NICARAGUA
Leon DeBayle
Guillermo Sevilla Sacasa
J. Jesus Sanchez Roig
NORWAY
No designation
PANAMA
Guillermo Arango
Narciso E. Garay
PARAGUAY
No designation
PERU
Alberto Alvarez Calderon
Juan Chavez

UNION OF SOUTH AFRICA
No designation
UNION OF SOVIET SOCIALIST REPUBLICS
I. Slobin
M. Idashkin
N. Cheklin
UNITED KINGDOM
No designation
UNITED STATES OF AMERICA
No designation
URUGUAY
Hugo Garcia

PHILIPPINE COMMONWEALTH
Jaime Hernandez
Ismael Mathay
POLAND
Janusz Zoltowski
VENEZUELA
No designation
YUGOSLAVIA
Vladimir Rybar

COMMISSION II

Committee 4

Chairman—Representative of India
Reporter—Representative of Poland

AUSTRALIA
Leslie G. Melville
James B. Brigden
Frederick H. Wheeler
Arthur H. Tange
BELGIUM
Joseph Nisot
BOLIVIA
No designation
BRAZIL
Valentim Bouças
CANADA
No designation
CHILE
Fernando Mardones Restat
CHINA
Kuo-Ching Li
COLOMBIA
No designation
COSTA RICA
No designation
CUBA
Felipe Pazos
Miguel Perez
CZECHOSLOVAKIA
Josef Hanc
Ernest Sturc
DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez
ECUADOR
Sixto E. Duran Ballen
Esteban F. Carbo
EGYPT
No designation
EL SALVADOR
No designation
ETHIOPIA
Blatta Ephrem T. Medhen
FRENCH DELEGATION
Raoul Aglion
Jean de Largentaye
GREECE
Athanase Sbarounis
Kyriakos Varvaressos
GUATEMALA
Manuel Noriega Morales
HAITI
Andre Liautaud
HONDURAS
No designation
ICELAND
Magnus Sigurdsson
INDIA
No designation
IRAN
No designation
IRAQ
No designation
LIBERIA
James F. Cooper
LUXEMBOURG
Hugues Le Gallais
MEXICO
No designation
NETHERLANDS
C. H. Schoch
A. Broches
NEW ZEALAND
B. C. Ashwin
E. C. Fussell
A. G. B. Fishe
B. R. Turner
NICARAGUA
J. Jesus Sanchez Roig
Leon DeBayle
Guillermo Sevilla Sacasa

(p. 2)

NORWAY
No designation

PANAMA
Guillermo Arango
Narciso E. Garay

PARAGUAY
No designation

PERU
Manuel B. Llosa
Alberto Alvarez Calderon

PHILIPPINE COMMONWEALTH
Jaime Hernandez
Ismael Mathay

POLAND
Stanislaw Kirkor

UNION OF SOUTH AFRICA
No designation

UNION OF SOVIET SOCIALIST REPUBLICS
A. Arutinian
F. Bystrov
N. Panchenko

UNITED KINGDOM
No designation

UNITED STATES OF AMERICA
No designation

URUGUAY
Hugo Garcia

VENEZUELA
No designation

YUGOSLAVIA
Vladimir Rybar

Commission III

Chairman—Eduardo Suarez (Mexico)
Vice Chairman—Mahmoud Saleh El Falaky (Egypt)
Reporting Delegate—A. G. B. Fisher (New Zealand)
Secretary—O. Schmidt
Assistant Secretary—L. Casaday

AUSTRALIA
Leslie G. Melville
James B. Brigden
Frederick H. Wheeler
Arthur H. Tange

BELGIUM
Baron de Gruben

BOLIVIA
No designation

BRAZIL
Valentim Bouças
Eugenio Gudin
Octavio Bulhoes

CANADA
W. A. Mackintosh
L. Rasminsky
A. F. W. Plumptre
J. J. Deutsch

CHILE
Luis Alamos
German Riesco
Arturo Maschke Tornero
Fernando Mardones Restat

ECUADOR
No designation

EGYPT
No designation

EL SALVADOR
No designation

ETHIOPIA
Blatta Ephrem T. Medhen

FRENCH DELEGATION
Andre Istel
Raoul Aglion
Jean de Largentaye

GREECE
Kyriakos Varvaressos
Alexander Argyropoulos
Athanase Sbarounis

GUATEMALA
Manuel Moriega Morales

HAITI
Andre Liautaud
Pierre Chauvet

HONDURAS
Julian R. Caceres

CHINA
Kuo-Ching Li

COLOMBIA
Sr. Victor Dugand

COSTA RICA
Fernando Madrigal
J. Rafael Oreamuno

CUBA
Manuel Menocal
Garcia Montes

CZECHOSLOVAKIA
Ladislav Feierabend
Ervin Hexner
Antonin Basch
Josef Hanc
Jan Mladek

DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez

ICELAND
Asgeir Asgeirsson

INDIA
No designation

IRAN
A. A. Daftary
Hosein Navab

IRAQ
Senator Ibrahim Kamal
L. M. Swan
Ibrahim Al-Kabir
Claude E. Lumb

LIBERIA
Walter F. Walker

LUXEMBOURG
Hughes Le Gallais

(p. 2)

MEXICO
Eduardo Suarez
Rodrigo Gomez
Victor Urquidi

NETHERLANDS
J. W. Beyen
D. Crena de Iongh

NEW ZEALAND
Walter Nash
Bernard Carl Ashwin
Edward C. Fussell
Bruce R. Turner

NICARAGUA
J. Jesus Sanchez Roig
Guillermo Sevilla Sacasa
Leon DeBayle

NORWAY
No designation

PANAMA
Guillermo Arango
Narciso E. Garay

PARAGUAY
Celso R. Velazquez
Nestor M. Campos Ros

PERU
Pedro G. Beltran
Andres F. Dasso
Alberto Alvarez Calderon
Juvenal Monge

PHILIPPINE COMMONWEALTH
Andres Soriano
Jaime Hernandez
Joseph H. Foley
Ismael Mathay

POLAND
Leon Baranski

UNION OF SOUTH AFRICA
S. F. N. Gie
J. E. Holloway
M. H. de Kock
W. C. Naude

UNION OF SOVIET SOCIALIST REPUBLICS
I. D. Slobin
M. M. Idashkin
N. I. Cheklin

UNITED KINGDOM
No designation

UNITED STATES OF AMERICA
No designation

URUGUAY
Mario La Gamma Acevedo
Hugo Garcia

VENEZUELA
No designation

YUGOSLAVIA
Vladimir Rybar

Document 202

CI/2

Commission I: Status of Committee Assignments

As of 6:00 p.m., July 7, 1944

Committee 1 — *Purposes, Policies, and Quotas of the Fund*

Article and Section	Language Accepted	Referred to Drafting or Other Sub-Committee	Referred to Commission I Without Decision	No Action or Decision Deferred
Article I—Purposes and Policies of the Fund				
Sec. 1	Joint Statement			
Sec. 2	Drafting Committee's revision			
Sec. 3	Drafting Committee's revision			
Sec. 4		xx		
Sec. 5	Alt. A			
Sec. 6	Drafting Committee's revision			
Additional paragraph (Alt. A, p. 1a)	Alt. A			
Alt. F,				xx
Alt. G			xx	
Alt. H			xx	
Article II—Subscription to the Fund				
Sec. 1—Countries Eligible for Membership		xx		
Sec. 2—Quotas				xx

Article and Section	Language Accepted	Referred to Drafting or Other Sub-Committee	Referred to Commission I Without Decision	No Action or Decision Deferred
Sec. 3—Time and Place of Payment				xx
Alt. B (p.2a) and Alt. B & C (p.4a)			xx	
Alt. C (p. 2b) and D (p. 4b)				xx
(p. 2)				
(*Article II*) Sec. 4—Adjustment of Quotas		xx		
Sec. 5—Initial Payments		xx		
Sec. 6—Payments when Quotas are Changed	Alt. A			
Article IX—Obligations of Member Countries				
Sec. 1—Purpose and scope of additional undertaking				xx
Sec. 2—Gold purchases based on parity prices		xx		
Sec. 3—Foreign Exchange dealings based on par values		xx		
Sec. 4—Exchange controls on Current Payments			Clarification of language requested from Commission I	xx

(p. 3)

Committee 2 — *Operations of the Fund*

Article and Section	Language Accepted	Referred to Drafting or Other Sub-Committee	Referred to Commission I Without Decision	No Action or Decision Deferred
Article III—Transactions with the Fund				
Sec. 1—Agencies Dealing with the Fund				xx
Sec. 2—Conditions upon which any Member May Purchase Currencies of Other Members par. (1)	Alt. A			
par. (2)				xx
par. (3)		xx		
par. (4)	Alt. A			
Final Sentence	Alt. A			
Sec. 2 (a)—Conditions Governing Purchases for Capital Transfers	Alt. A			
Sec. 3—Declaring Members Ineligible to use Resources of the Fund	Alt. A			
Alt. E (p.6d)				xx
Sec. 4—Limitations on Operations of Fund	Alt. A			
Sec. 5—Operations for Purpose of Preventing Currencies Becoming Scarce par. (1)		xx		
par. (2)	Alt. A as amended			

(p. 4)

Article and Section	Language Accepted	Referred to Drafting or Other Sub-Committee	Referred to Commission I Without Decision	No Action or Decision Deferred
(Article III)				
Sec. 6—Multilateral International Clearing		par. (d) referred to drafting Committee		xx
Sec. 7—Acquisition by Members of Currencies of Other Members for Gold	Alt. A			
Sec. 8—Other Acquisitions of Gold by the Fund				xx
Sec. 9—Transferability and Guarantee of Assets of the Fund		xx		
Sec. 10—Charges and Commissions				xx
Sec. 12—Consideration of Representations of the Fund		xx		
Article IV—Par Values of Member Currencies				
Sec. 1—Par Values of the Currencies of Members	Alt. A			
Sec. 2				xx
Sec. 3				xx
Sec. 4				xx
Sec. 5—Uniform Changes in Par Value			xx	
Sec. 6—Protection of the Assets of the Fund	Revised Alt. A			

Article and Section	Language Accepted	Referred to Drafting or Other Sub-Committee	Referred to Commission I Without Decision	No Action or Decision Deferred
Sec. 7—Separate currencies within a Member's Jurisdiction	Alt. A			
(p. 5)				
Article V—Capital Transactions				
Sec. 1—Use of Resources of the Fund for Transfers of Capital	Alt. A, as amended			
Sec. 2—Limitations on Controls of Capital Movements	Alt. A, as amended			
Article VI—Apportionment of Scarce Currencies				
Sec. 1—General Scarcity				xx
Sec. 2—Scarcity of the Fund's holding				xx
Article X—Transitional Arrangements				
Sec. 1—Exchange restrictions and currency arrangements and practices retained				xx
Sec. 2—Withdrawal of exchange restrictions				xx
Sec. 3—Policy of the Fund during the transition period				xx
Sec. 4				xx

749013—48—18

Article and Section	Language Accepted	Referred to Drafting or Other Sub-Committee	Referred to Commission I Without Decision	No Action or Decision Deferred
Article XIII—Final Provisions				
Sec. 5—Fixing initial par values				xx

(p. 6)

Committee 3 — *Organization and Management of the Fund*

Article and Section	Language Accepted	Referred to Drafting or Other Sub-Committee	Referred to Commission I Without Decision	No Action or Decision Deferred
Article III—Transactions with the Fund				
Sec. 11—Furnishing Information				xx
Article VII—Management of the Fund				
Sec. 1—Board of Governors	Combination of Alt. A & Alt. B, as amended			
Sec. 2—Executive Directors		xx		
Sec. 3—Voting		xx		
Sec. 4—The General Manager		xx		
Sec. 5—Publication of Reports	Alt. A			
Sec. 6—Depositories par. (a)	Alt. A			
par. (b)			Alts. A & B referred to Commission I	

Article and Section	Language Accepted	Referred to Drafting or Other Sub-Committee	Referred to Commission I Without Decision	No Action or Decision Deferred
Sec. 7—Form and Holdings of Currency	Alt. A			
Sec. 9—Location of Office				xx
Sec. 10—Distribution of Net income of the Fund	Alt. A, amended			
Sec. 11—Miscellaneous Powers				
item (4)				xx
item (5)	Alt. A			
(p. 7)				
Article VIII—Withdrawal from the Fund				
Sec. 2—Suspension of Membership or Compulsory Withdrawal				xx
Sec. 3—Settlement of accounts with countries ceasing to be members				xx
Sec. 4—Liquidation of Fund				xx

Committee 4 — *Forms and Status of the Fund*

Article and Section	Language Accepted	Referred to Drafting or Other Sub-Committee	Referred to Commission I Without Decision	No Action or Decision Deferred
Article VII—Management of the Fund				
Sec. 8—Relationship to other international organizations	Alt. A			

Article and Section	Language Accepted	Referred to Drafting or Other Sub-Committee	Referred to Commission I Without Decision	No Action or Decision Deferred
Sec. 11—Miscellaneous powers. Introduction and items (1), (2), and (3).	Alt. A, as amended			
Article VIII—Withdrawal from the Fund				
Sec. 1—Right of Members to Withdraw	Alt. A			
Article IX—Obligations of Member Countries				
Sec. 5—Immunity of Assets of the Fund	Alt. A			
Sec. 6—Immunity from Suit	Included in new Sec. 5			
Sec. 7—Restrictions on taxation of Fund, its employees and obligations		xx		
(p. 8)				
Article XI—Amendments		xx		
Article XII—Interpretation of the Agreement				
Sec. 1—Interpretation		xx		
Sec. 2—Definitions				xx
Sec. 3—Effect on Other International Commitments				xx
Article XIII—Final Provisions				
Sec. 1—Entry Into Effect				xx

Article and Section	Language Accepted	Referred to Drafting or Other Sub-Committee	Referred to Commission I Without Decision	No Action or Decision Deferred
Sec. 2—Effective date of Agreement				xx
Sec. 3—Calling the Initial Meeting of the Fund				xx
Sec. 4—Agenda of Initial Meeting				xx
Article XIV—Execution of the Agreement				xx

Document 203

(p. 14e) SA/1/32

Alternative D

(Suggested as an alternative to Joint Statement, Art. III)

The member countries shall furnish the Fund with the information on the following data:

1. Gold holdings of the Central Bank and Treasury and their changes.
2. Gold convertible exchange holdings of the Central Bank and Treasury.
3. Movement of capital.
4. Foreign trade data.
5. Other items of the balance of payments.
6. Rates of exchange and their changes.

The Fund may arrange to obtain additional information by agreement with the member country.

7/7/44

J.S. Art. III
Additional Section (11)

Document 204

CI/4/M4

Minutes of Meeting of Committee 4 of Commission I

Form and Status of the Fund

(*July* 7, 1944, 2:30 *p.m.*)

The fourth meeting of Committee 4 of Commission I was held on July 7 at 2:30 p. m. The Chairman of the subcommittee to review article IX, section 7, read the document agreed upon by the members of the Committee. He stated that one of the delegates reserved decision on a part of the document read to the full Committee.

As the remaining material assigned to this Committee had been referred to subcommittees or was not available for distribution, the meeting was thereupon adjourned.

Document 205

CI/2/M5

Minutes of Meeting of Committee 2 of Commission I

Operations of the Fund

(*July* 7, 1944, 2:30 *p.m.*)

The Chairman read the "Procedural Decisions of the Steering Committee" (Document 175) and urged the necessity of handling all items with dispatch.

The Committee continued its discussion of article IV, Par Values of Member Currencies.

On section 5, it was decided to report to the Commission the differences of view indicated in Alternatives A (p. 18, Document SA/1), B (p. 18a), and C (p. 18b).

On section 6 (p. 19), the Chairman announced that the last paragraph of Document 166 had been misplaced and was intended to be an addition to section 6. The Committee approved section 6 as thus amended.

Section 7, Alternative A (p. 20) was approved with the suggestion that the word "however" in line 5 be deleted.

The Committee discussed article V, Capital Transactions.

Section 1, Alternative A (p. 21) was approved with the amendment that the words "make net" be inserted between the words "not" and "use" in line 1 and that the word "of" be inserted between the words "use" and "the" in line 1. Section 2, Alternative A (p. 22) was approved with the amendment that the words underscored in line 1 be replaced by the following: "Members may exercise such controls as are necessary to regulate international capital movements".

The Committee deferred discussion of article VI, Apportionment of Scarce Currencies (p. 23).

At its next meeting the Committee will receive reports from the *ad hoc* and the "asterisk" subcommittees and will reconsider items that were deferred at earlier meetings.

Document 207

(p. 23b) SA/1/33

SUBSTITUTE ALTERNATIVE A

#SECTION 1. *General Scarcity*

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. In the preparation of such report there shall participate a representative of the member the currency of which is involved.

#SECTION 2. *Scarcity of the Fund's Holdings.*

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 acted under Section 1 above, shall formally declare such currency scarce and shall thenceforth apportion the existing and accruing supply of the scarce currency with due regard to the relative needs of members and the general international economic situation and any other pertinent considerations. The Fund shall also issue a report concerning its action. The formal declaration shall operate as an authorization to a member, after consultation between such member and the Fund, temporarily to limit the freedom of exchange operations in the affected currency. Subject to the provisions of Article IX, Section 2 (J.S.), 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 of it held by, or accruing to, the member in question; and they shall be relaxed and removed as rapidly as conditions permit. This authorization shall cease to be in effect whenever the Fund formally declares the currency in question no longer scarce.

7/7/44 J.S. Art. VI
Secs. 1 & 2

(p. 23c) SA/1/33

#SECTION 3. *Administration of Restrictions on Scarce Currencies.* Any member imposing restrictions in respect of the currency of any other member pursuant to the provisions of this Article shall give sympathetic consideration to any representations which may be made by such other member regarding the administration of such restrictions.

#SECTION 4. *Effect of Other International Agreements on Restrictions on Scarce Currencies.* 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.

7/7/44 J.S. Art. VI
Secs. 3 & 4

Document 208

(p.17a) SA/1/34

ALTERNATIVE A

* SECTION 2. The members agree that they will collaborate with the Fund to promote exchange stability, to maintain orderly exchange arrangements among members, and to avoid competitive exchange alterations.
* SECTION 3. A member shall not propose a change in the par value of the currency except to correct a fundamental disequilibrium.
* SECTION 4. An alteration 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. When a proposal for

alteration is made, the Fund shall first take into account the changes, if any, which have already taken place in the par value of the member's currency as agreed initially with the Fund. If the proposed change, together with all previous changes, whether increases, or decreases,

* (a) does not exceed 10 percent of the initial par value, the Fund shall raise no objection

* (b) does not exceed a further 10 percent of the initial par value, the Fund may either concur in or object to such a proposal, but shall declare its attitude within 72 hours if the member so requests.

* (c) is not within (a) or (b) above, the Fund may either concur in or object to such a proposal, but shall be entitled to a larger period than 72 hours in which to declare its attitude.

7/7/44 J.S. Art. IV
Secs. 2–4

(p. 17aa)

* SECTION 4a. In examining any proposed change the Fund shall take into consideration the extreme uncertainties prevailing when the par values of the currencies of members were initially determined. Moreover, the Fund shall not object to a proposed change necessary to restore equilibrium because of domestic social or political policies of the member *or because of its economic policies insofar as these contribute to the maintenance of a high level of employment and real income.*

* SECTION 4b. The Fund shall concur in a proposed change under Section 3(b) or (c) if it is satisfied that the change is required to correct a fundamental disequilibrium or that it will not affect the international transactions of the member involved. If the Fund is not so satisfied and deems the proposal unjustified, having regard to the proper working of the Fund, the Fund shall object to the proposed change.

* SECTION 4c. If a member alters 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 of time, the difference between the member and the Fund continues, the matter shall be subject to the provisions* of Article VIII, Section ———.

7/7/44 J.S. Art. IV
Secs. 2–4

Document 209

(p. 48) SA/1/35

JOINT STATEMENT—No provisions

The following material has been suggested as part of an additional Article (XII) on interpretation of the agreement.

ALTERNATIVE A

#SECTION 3. *Effect on Other International Commitments.*

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 VI, Section 4.

7/1/44

Art. XII, Sec. 2
(Additional Article)

Document 210

(p. 35) SA/1/36

JOINT STATEMENT—No Provision

The following material has been suggested as an addition to Article VIII.

Alternative A

#SECTION 2. If a member fails to fulfill any of its obligations under Article IX [other appropriate Articles, if any, may be mentioned here] or acts otherwise in a manner which is contrary to the purposes of the Fund, the Fund may declare the member ineligible to use the resources of the Fund.

#SECTION 2a. If, after the expiration of a reasonable period the member persists in its failure to fulfill any of its obligations under Article IX, or continues to act in a manner which is contrary to the purposes of the Fund, 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 aggregate voting power.

#SECTION 2b. The Board of Governors shall make regulations securing that before action is taken against any member under Section 3, above, the member shall be informed in reasonable time and given a proper opportunity for stating its case.

7/7/44 J.S. Art. VIII Additional Sections

Document 211

(p. 37) SA/1/37

JOINT STATEMENT—No provision

The following material has been suggested as an addition to Article VIII.

Alternative A.

#SECTION 4. *Liquidation of the Fund*

(a) The Fund may not be liquidated except after a decision taken by a majority of the aggregate votes in the Board of Governors. In an emergency, if the Executive Directors decide that liquidation of the Fund may be necessary, they may by a majority vote temporarily suspend all transactions of the Fund, pending an opportunity for further consideration and action by the Board of Governors.

(b) If a decision to liquidate the Fund is carried, the Fund shall forthwith cease to engage in any activities except those incident to an orderly liquidation of its assets and the settlement of its liabilities.

(c) The liabilities of the Fund, other than the repayment of quotas, shall have priority in the distribution of the assets of the Fund. In meeting each such liability the Fund shall use its holdings of the currency in which the liability is due. If these holdings are insufficient, it shall use its gold. If this is insufficient to complete the payment, it shall draw on the currencies held by the Fund as far as possible in proportion to the quotas of the members.

(d) The net assets of the Fund available after the discharge of the above liabilities shall be distributed as follows:

(i) The Fund shall divide its holdings of the currency of each member by the quota of such member and thus ascertain the percentages resulting from this division.

7/7/44 J.S. Art. VIII Additional Section

(p. 37a)

The members with regard to whose currency this division produces the lowest and second lowest percentages are hereafter referred to as the members having the lowest and second lowest percentages respectively.

(ii) All members shall have returned to them in their own currencies a proportion of their quotas equal to the lowest percentage ascertained under (i).

(iii) There shall then be returned to the member having the second lowest percentage the remainder of its currency held by the Fund. The member having the lowest percentage whose currency held by the Fund has been exhausted under (ii) above shall have returned to it in gold a percentage of its quota equal to the percentage of quota returned to the member having the second lowest percentage. Alternatively, if there is not sufficient gold, then the currency of the member having the second lowest percentage shall be divided between it and the member having the lowest percentage in such manner that each will have been repaid the same proportion of its quota. All other members shall have returned to them amounts in their respective currencies which represent a like proportion of their quotas.

(d) Distribution of the available assets shall be continued on the principles established above until all available currencies

7/7/44 J.S. Art. VIII
Additional Section

(p. 37b)

have been exhausted.

(e) Each member shall redeem its own currency held by another member as a result of the liquidation of the Fund. Redemption shall be made in gold or in such other manner as may be agreed by the members. Unless the members involved otherwise agree, redemption shall be made within three years but shall not be effected at a rate in any quarterly period greater than one-twelfth of the amount distributed to any other member. If the member fails to redeem its currency in this manner, the currency may be disposed of in any market at the same rate in an orderly manner. Each member who is under an obligation to redeem its currency under this paragraph, unconditionally guarantees at all times the unrestricted use of such currency for the purchase of goods or for the payment of other sums due to it or to its nationals. Further, each member agrees to make good any loss resulting from the exchange depreciation of its currency until it has been used or redeemed.

7/7/44

J.S. Art. VIII
Additional Section

Document 212

CI/3/S1

Final Alternative Submitted by the Special Subcommittee Appointed to Consider All Proposals Relative to the Executive Directors

Duties and Powers of the Executive Directors

1. 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.

Formation of the Executive Directors

2. There shall be _____ Executive Directors, of whom _____ shall be appointed by the _____ members having the largest quotas and ______ shall be elected biennially, in accordance with the provisions of Schedule B, by all the Governors other than those appointed by the members having the _____ largest quotas. Persons chosen as Executive Directors need not be Governors.

Alternate Directors

3. Every Executive Director may 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.

Meetings of Executive Directors

4. 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.

5. In order to constitute a quorem for any meeting of the Executive Directors, there must be present a majority of the Directors representing not less than one-half of the voting power of all the Executive Directors.

(p. 2) 6. Each Executive Director appointed by one of the members with the _____ largest quotas shall be entitled to cast the number of votes allotted under Section 3 of this Article (J. S. VII, 2) to the member appointing him. Each elected Executive Director shall be entitled to cast only the number of votes which actually counted toward his election. When the provisions of the second paragraph of Section 2 of this Article are applicable, the votes to which an Executive Director would otherwise be entitled shall be increased or decreased proportionately. Each Executive Director shall cast all of the votes to which he is entitled as a single unit.

6a. Except as otherwise specifically provided, all matters before the Executive Directors shall be decided by a majority of the aggregate votes cast.

7. The Board of Governors shall make regulations containing provisions under which a member which is not entitled to appoint an Executive Director under 2 above shall be permitted to 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.

Managing Director

8. 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. (p. 3) He shall, however, be eligible for election as Chairman of the Board of Governors. The Managing Director shall cease to hold office when the Executive Directors shall so decide.

9. 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's work. Subject to the general control of the Executive Directors, he shall be responsible for the internal organization of the Fund's staff and the appointment and dismissal of its staff.

10. The Managing Director and the staff of the Fund, in the discharge of their offices 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 member of the staff in the discharge of his duty.

11. 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 selecting personnel recruited on as wide a geographical basis as is possible.

Appointment of Committees

12. The Executive Directors may appoint such committees as they deem advisable. Members of such committees need not be limited to Governors or Executive Directors or their alternates.

Remuneration

13. 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.

Document 214

(p. 26f) SA/1/38

ALTERNATIVE E

(For Combined Alternatives A and B for Joint Statement VII, 1, 2 and 3, and additional material on Page 27 of Document SA/1)

Substitute for 2:

2. There shall be eleven Executive Directors of whom five shall be appointed by the five members having the largest quotas and six shall be elected biennially, in accordance with the provisions set forth in Schedule B by all the Governors other than those appointed by members having the five largest quotas. Persons chosen as Executive Directors need not be Governors.

The Board of Governors at the next election after the establishment of the Fund or at any time thereafter, may by a vote of the majority of the member countries and a majority of the quota votes increase the number of elective seats from a total of six to a total of nine.

ALTERNATIVE F

It is suggested that the following paragraph precede Schedule B on Page 26b:

Exclusively for the purpose of choosing the Elective Directors, each governor representing a member country other than those having permanent seats on the Executive Directorate shall be entitled to cast all the quota votes which he represents according to the first paragraph of Section 3 of this Article plus one thousand additional votes.

7/8/44

J.S. Art. VII
Sections 1, 2 and 3

Document 215

DP/11

Colombian Delegation

Proposed Amendment to Article IX, Section 2, Gold Purchases Based on Parity Prices

The following amendment is submitted to the language recommended by the Drafting Committee of Committee 1 of Commission I for Article IX, Section 2, Gold Purchases Based on Parity Prices (page 2 of Doc. No. 192):

"It is understood, however, that this provision does not affect bonuses paid by a producing country to promote gold production within its territory, or taxes collected on domestic gold production or domestic gold transactions."

Document 216

(p. 1g) SA/1/39

ALTERNATIVE K

(Add as a new subdivision)

To facilitate the multilateral settlement of a reasonable portion of the foreign credit balances accumulated amongst the member countries during the war so as to promote the purposes referred to in Subdivision 2, without placing undue strain on the resources of the Fund.

7/8/44 J.S. Art.I

Document 217

(p. 17c) SA/1/40

ALTERNATIVE C

(Suggested as an alternative to Section 4a of Alternative A of Joint Statement, Article IV, p. 17aa)

SECTION 4a. In examining any proposed change the Fund shall take into consideration the extreme uncertainties prevailing when the par values of the currencies of members were initially determined. Moreover, the Fund shall not object to a proposed change necessary to restore equilibrium because of domestic social or political policies of the member *nor one designed to meet a* *serious and persistent deficit in the balance of payments on current account accompanied by a substantially adverse change in the terms of trade.*

7/8/44

J.S. Art. IV
Sec. 4

Document 218

DP/12

Draft Resolution Submitted by Australian Representatives to United Nations Monetary and Financial Conference.

WHEREAS the raising of standards of living throughout the world must be the primary aim of economic policy and the most essential conditions for this and for the achievement of the objectives set out in Article I of the International Monetary Fund are the promotion and maintenance of high levels of employment; and

WHEREAS the operations of the International Monetary Fund and other forms of international economic cooperation will have the best prospects of success if member countries by domestic measures maintain high levels of employment and consumption and by so doing enable the accumulation of persistent credit (and debit) balances on international account to be avoided;

This Conference RESOLVES that Governments which are to be invited to accept an International Monetary Agreement should be invited to accept con-currently an international agreement in which the signatories will pledge themselves to their own people and to one another to maintain high levels of employment in their respective countries, and to exchange information on measures necessary to prevent the growth of unemployment and its spread to other countries.

Document 219

(p. 40b)

SA/1/41

ALTERNATIVE D

(The following has been suggested as an addition to Article IX, Subdivision 4, Alternative A, p. 40)

While imposing no restrictions on current international payments, a member country may take the necessary measures to ensure that

(a) Its foreign exchange holdings and its quota are used to pay for imports which are essential to its national economy.

(b) The proceeds of exports from the member country are placed at the disposal of its foreign exchange authorities to be used for its essential requirements thereby preventing what may, otherwise, constitute capital transfers.

7/8/44

J.S. Art. IX
Section 3

Document 220

(p. 37c)

SA/1/42

ALTERNATIVE C

(The following has been suggested as an alternative for Section 4, paragraph (d) of Alternative A, page 37)

SECTION 4. (d) The net assets of the Fund remaining shall be distributed as follows:

(i) Each country shall have a prior claim up to its quota on its own currency held by the Fund.

(ii) Each of the remaining assets of the Fund (gold and currencies) shall be divided proportionately amongst all countries whose quotas have not been reimbursed as per (i) in relation to the amounts still due to them on their quotas.

7/8/44

J.S. Art. VIII
Additional Section

Document 221

CI/3/S2

Report Submitted to Committee 3 of Commission I by the Special Subcommittee Appointed to Consider the Various Proposals Relative to the Organization, Election and Powers of the Executive Directors.

Bretton Woods, *July 7, 1944*

MR. CHAIRMAN:

The Special Subcommittee appointed to consider and report on the various proposals submitted to Committee 3 of Commission I, relative to the organization, election and powers of the Executive Directors, has held several meetings at which the representatives of the United States, United Kingdom, Belgium, Netherlands and Cuba were present.

The Subcommittee has given careful consideration to the following propositions:

1. Alternatives A and B to Article VII, 1-2, submitted jointly by the United States of America and United Kingdom.
2. Alternative C submitted by the Delegation of Cuba.
3. Alternative D submitted by the Delegation of Belgium.
4. Alternative submitted by the Delegation of Norway.
5. Alternative submitted by the Delegation of Netherlands.
6. Alternative submitted by the Delegation of Canada.
7. Alternative submitted by the Delegation of India.

The Subcommittee endeavored to consolidate into one single alternative the various proposals submitted accepting those views and suggestions which in their opinion were acceptable.

The Subcommittee failed to reach an agreement on the total number of Executive Directors.

The Subcommittee succeeded, however, in reaching an agreement on a number of other important points, and we beg to submit a draft of the alternative in which the number of Directors has been left in blank, referring (p. 2) this matter back to your Committee for further discussion and consideration.*

Respectfully yours,

(Signed) LUIS MACHADO (Cuba)

LUIS MACHADO (Cuba), *Chairman*

(Signed) J. W. BEYEN

WILFRED EADY, United Kingdom

J. W. BEYEN (Netherlands)

(Signed) GUTT

CAMILLE GUTT (Belgium)

ANSEL F. LUXFORD (United States)

To the Honorable ARTHUR DE SOUSA COSTA,
Chairman of Committee 3, Commission I.

* The text of this alternative entitled *Final Alternative Submitted by the Special Subcommittee Appointed to Consider All Proposals Relative to the Executive Directors* has been previously circulated.

Document 223

(p. 38)

JOURNAL

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

No. 9 Bretton Woods, New Hampshire July 9, 1944

ORDER OF THE DAY

Meetings for Sunday, July 9

10 a.m.	Subcommittee of Committee 3 of Commission I	
4 p.m.	Committee on Special Problems of Liberated Areas	Room B
5 p.m.	Agenda Committee of Commission II	Room 219
6 p.m.	Committee on Relations with Non-Member Countries	Room B

(p. 39)

Résumés of Committee Meetings

Committee 1 of Commission I

Purposes, Policies, and Quotas of the Fund

(*July* 8, 9:30 *a.m.*)

At its fifth meeting Committee 1 of Commission I discussed the second report of the drafting committee and accepted the proposed revision of article II, section 1 (p. 2), dealing with countries eligible for membership; section 3 (p. 2) dealing with time and place of payment; section 4 (p. 3) dealing with adjustment of quotas; and section 5 (p. 4) dealing with initial payments. The Committee debated the proposed revision of article IX, section 2 (p. 38), dealing with gold purchases based on parity prices. In view of the relationship of this section to the work of Committee 2, the matter was referred back to the drafting committee with instructions to consult with Committee 2 and report again. Similar instructions were given the drafting committee regarding its revision of article IX, section 3, paragraph (a) (p. 39), dealing with foreign-exchange transactions based on par values. The proposed revision of article IX, section 3, paragraph (b) (p. 39), which provides that a member freely buying and selling gold is fulfilling its obligations under this section, was referred back to the drafting committee to consider the meaning of the word "freely". An alternative to article IX, section 3, paragraph (c) (p. 39), dealing with exchange transactions in violation of regulations of another member, was referred to the drafting committee. The Committee left for later consideration article II, Alternatives C and D (pp. 2b and 4b), providing for the inclusion of silver in the subscriptions, and article IX, section 8, Alternative A

(p. 43b), dealing with obligations of members to cooperate with other members on approved exchange restrictions.

(The minutes of this meeting are being distributed separately as document no. 224.)

Committee 2 of Commission I

Operations of the Fund

(*July* 8, 11:30 *a.m.*)

The sixth meeting of Committee 2 of Commission I was held on July 8 at 11:30 a.m. and was resumed at 3 p.m. The Committee reconsidered material on which actions had been deferred. On article III, Transactions with the Fund, the Committee accepted the reports of the language committee with respect to Alternative A, section 1 (p. 5), and Alternative A, section 5 (p. 8). The Committee deferred consideration of Alternative B, section 6 (p. 9a), Alternative B, section 7 (p. 10a), and Alternative F, section 8 (p. 11c), pending the report of Committee 1 of Commission I on a related proposal before that Committee. The Committee approved Alternative A, section 9, subsections (a) and (c), and the United States Delegation agreed to distribute a memorandum on subsection (b) and an appropriate rephrasing of that subsection. On article IV, Par Values of Member Currencies, Alternative B, section 1 (p. 40) (p. 16a), was transferred to article XIII, section 5 (p. 49). On Alternative A, sections 2, 3, 4, 4a, 4b, 4c (pp. 17a and 17aa), the Committee was near agreement but it was understood that specific reservations should be reported to the Commission and that final approval should be deferred until other Alternatives could be distributed. The Committee approved article VI, Apportionment of Scarce Currencies, sections 1, 2, 3, and 4 (pp. 23b and 23c).

(The minutes of this meeting are being distributed separately as document no. 225.)

Committee 3 of Commission I

Organization and Management of the Fund

(*July* 8, 9:30 *a.m.*)

Alternative D to article VII, section 6(b) (p. 29b), was referred to Commission I. The Committee also referred to the Commission article III, section 11, Alternative C (p. 14c), and Alternative D (Document 203, p. 14e). The question of withdrawal and liquidation, article VIII, section 3 (p. 36), and section 4, was referred to a subcommittee composed of representatives of Australia, Belgium, Mexico, United Kingdom, and United

States. The Committee discussed a "Final Alternative Submitted by the Special Subcommittee Appointed to Consider All Proposals Relative to the Executive Directors". It approved paragraphs 1, 4, 5, 6, 6(a), 7, 8, 9, 10, 11, 12, and 13. Paragraph 3 was referred to Commission I after consideration of the amendment, Document 178 (p. 26d) paragraph 3. Paragraph 2 is still under discussion.

(The minutes of this meeting are being distributed separately as document no. 226.)

Committee 4 of Commission I

Form and Status of the Fund

(*July* 8, 11:30 *a.m.*)

The fifth meeting of Committee 4 of Commission I was held on July 8 at 11:30 a.m. The Committee accepted the texts presented by appropriate subcommittees assigned to deal with article IX, section 7, Alternative B; article VII, section 11, Alternative B; article XI, Alternative C (as amended); article XII, section 1, Alternative C; Article XII, section 3, Alternative A. The text for article VII, section 11, Alternative B, paragraphs 1, 2, and 3, was accepted as presented. Article XI, Alternative C, was amended by the insertion in the second line of the first paragraph of the words "the Government of" between the words "from" and "a" and in the ninth line between the words "three-fifths" and "of" the words "of the Governments". The Committee was advised that article XII, (p. 41) section 2, and article XIII, sections 1, 2, 3, and 4, were not yet ready for presentation to the Committee or its subcommittees. With this exception the Committee has completed the work assigned to it by Commission I.

(The minutes of this meeting are being distributed separately as document no. 227.)

Agenda Committee of Commission III

Other Means of International Financial Cooperation

(*July* 8, 2:30 *p.m.*)

A meeting of the Agenda Committee of Commission III was held to consider the subjects that had been submitted. The Committee agreed that the proposals be reported to Commission III at its next meeting with the recommendation that three *ad hoc* committees be appointed to deal with them.

Ad Hoc Committees of Commission I

In conformity with the decision of the Steering Committee at its meeting of July 6, the Chairman of Commission I has appointed the following *ad hoc* Committees of Commission I:

Ad Hoc Committee of Commission I on Special Problems of Liberated Countries

Netherlands, *Chairman*
Belgium
China
Colombia
Czechoslovakia
Ethiopia
French Delegation
Greece
Honduras
Luxembourg
Norway
Philippine Commonwealth
Poland
Union of Soviet Socialist Republics
United Kingdom
United States
Yugoslavia
Secretary: J. P. Young

Ad Hoc Committee of Commission I on Relations with Non-Member Countries

Norway, *Chairman*
China
Cuba
Czechoslovakia
Iran
Netherlands
Union of Soviet Socialist Republics
United Kingdom
United States
Secretary: Mrs. Eleanor L. Dulles

(p. 42)

Ad Hoc Committee of Commission I on Voting Arrangements and Executive Directors

Brazil, *Chairman*
Belgium
China
Cuba
Czechoslovakia
French Delegation
Netherlands
Union of Soviet Socialist Republics
United Kingdom
United States
Secretary: Malcom Bryan

(p. 43)

List of Documents Issued as of July 8, 1944

Subject	*Symbol No.*	*Doc. No.*
News Bulletin No. 7		193
Additional Page to SA/1	SA/1/28	194
Additional Page to SA/1	SA/1/30	195
Additional Page to SA/1	SA/1/31	196
Translation of Preliminary Draft Outline of a Proposal for a Bank		197
Report of Subcommittee of Committee 4, Commission I, July 7	CI/4/S1	198
Journal No. 8	J/8	199
Minutes of Commission I, Committee 3, July 7, 9:30 a.m.	CI/3/M5	200
Representation of Delegations on Commissions and Committees—Changes and Corrections	GD/23	201
Committee Assignments, Commission I	CI/2	202
Additional Page to SA/1	SA/1/32	203
Minutes of Commission I, Committee 4, July 7, 2:30 p.m.	CI/4/M4	204
Minutes of Commission I, Committee 2, July 7, 2:30 p.m.	CI/2/M5	205

Subject	*Symbol No.*	*Doc. No.*
Order of the Day	GD/24	206
Additional Pages to SA/1	SA/1/33	207
Additional Pages to SA/1	SA/1/34	208
Additional Pages to SA/1	SA/1/35	260
Additional Pages to SA/1	SA/1/36	210
Additional Pages to SA/1	SA/1/37	211
Final Alternative Relative to the Executive Directors	CI/3/S1	212
News Bulletin No. 8	.	213
Additional Page to SA/1	SA/1/38	214
Proposal by Colombian Delegation—Amendment to Report of Drafting Committee	DP/11	215
Additional Page to SA/1	SA/1/39	216
Additional Page to SA/1	SA/1/40	217
Draft Resolution Submitted by Australian Representatives	DP/12	218
Additional Page to SA/1	SA/1/41	219
Additional Page to SA/1	SA/1/42	220
Report Submitted to Committee 3 of Commission I by Special Subcommittee on Organization, Election, and Powers of the Executive Directors, July 7	CI/3/S2	221
News Bulletin No. 9		222

Document 224

CI/1/M5

Minutes of Meeting of Committee 1 of Commission I

Purposes, Policies, and Quotas of the Fund

(*July* 8, 1944, 9:30 *a.m.*)

The Chairman announced that the procedures of the Committee would be governed by the document on procedures issued by the Steering Committee.

Document No. 202, "Status of Committee Assignments", was circulated and the Chairman requested members to note what action was taken on the various items to be considered so as to keep their records up to date.

The second report of the drafting committee was presented by its Chairman, Dr. Goldenweiser.

The Committee accepted the language of the drafting committee for article II, section 1 (p. 2) – Countries Eligible for Membership – and for article II, section 4 (p. 3) – Adjustment of Quotas – with a slight change in wording. The Committee also accepted the recommendation of the drafting committee to retain the language of article II, section 3, Alternative A (p. 2) – Time and Place of Payment.

The Committee approved the language of the drafting committee for article II, section 5 (p. 4) – Initial Payments – with a minor change.

The Committee debated the language of the drafting committee on article IX, section 2 – Gold Purchases Based on Parity Prices (p. 38). Various members felt that the language was too rigid since it excluded certain gold purchases at prices beyond the prescribed margin which might be perfectly consistent with the purposes of the Fund. A request was made not to exclude payments involving no international transactions made as bonuses to the gold-mining industry in gold-producing countries, and other legitimate variations, such as sales to meet a hoarding demand, were also suggested. The close relationship of this clause to the work of Committee 2 was emphasized and the provision was referred back to the drafting committee with instructions to consult with Committee 2 and report again on the matter.

The Committee considered the language of the drafting committee for article IX, section 3, paragraph (a) – Foreign Exchange Dealings Based on Par Values (p. 39). The discussion of the Committee revealed two questions of substance: (1) whether the margin to be prescribed should be for spot and for futures and other types of contract, or whether there should be only one maximum range for spot transactions, and (2) whether it was intended that there should be only a general maximum range applicable to all countries, or whether the Fund should prescribe, within this over-all maximum, a range for each member country. This section was referred again to the drafting committee with the same instructions as were given with respect to section 2.

The Committee considered the language recommended by the drafting committee for article IX, section 3, paragraph (b) (p. 39). The Committee discussed the necessity and exact force (p. 2) of the last sentence, which states that a member freely buying gold and gold-convertible exchange has fulfilled its obligation under this paragraph. The Chairman referred this section back to the drafting committee.

The Chairman read to the Committee an Alternative to article IX, section 3, paragraph (c) (p. 39), which deals with illegal exchange transactions carried on in a member country in the currencies of other members. Since this provision is still in the drafting committee, the amendment was referred to the drafting committee.

The Committee left for later consideration the following proposals which have been circulated as Alternatives to the articles assigned to it: Alternatives C and D under article II, which provide for the inclusion of silver in the subscriptions of the member countries and which appear on pages 2b and 4b of SA/1; and article IX, section 8, Alternative A (p. 43b), which adds to the obligations assumed by members that of cooperating with other members in rendering permissible and approved exchange restrictions effective.

Document 225

CI/2/M6

Minutes of Meeting of Committee 2 of Commission I

Operations of the Fund

(*July* 8, 1944, 11:30 *a.m.*)

The sixth meeting of Committee 2 of Commission I was held on July 8 at 11:30 a.m. and was resumed at 3 p.m. The Committee agreed to reconsider all material submitted to it on which action was pending in the order of its appearance in the basic document, SA/1.

The Committee accepted the report of the language committee that article III, section 1, Alternative A (p. 5), be approved with the addition of the words "with or" after "only" in the third line.

The Committee accepted the report of the language committee that on section 5, Alternative A (p. 8), paragraph (1) be amended as follows:

> "Propose to the member that, on terms and conditions agreed between them, it lend such currency to the Fund or, with the approval of the member, that the Fund borrow such currency from some other source either within or outside the territory of the member; but no member shall be under any obligation to make such loans to the Fund or to approve the Fund's borrowing its currency from any other source."

With respect to article III, section 6, Multilateral International Clearing, section 7, Acquisition by Members of the Currencies of Other Members for Gold, and section 8, Other Acquisitions of

Gold by the Fund, the Committee agreed that Alternative B (p. 9a), Alternative B (p. 10a), and Alternative F (p. 11c) be deferred for later consideration pending the report of Committee 1 of Commission I on a proposal to which these Alternatives are consequential.

Article III, section 9, Alternative A (p. 12), subsections (a) and (c) were approved. The United States Delegation agreed to distribute a memorandum explaining the purposes to be achieved in subsection (b) and an appropriate phrasing of that subsection.

The Committee discussed article IV, Par Values of Member Currencies.

With respect to section 1, Par Values of the Currencies of Members, it was decided that Alternative B (p. 16a) should be transferred to article XIII, section 5 (p. 49).

On Alternative A, sections 2, 3, 4, 4a, 4b, and 4c (pp. 17a and 17aa), the Chairman noted that the Committee was near agreement but that specific reservations should be reported to the Commission if delegations so indicate and that final approval should be deferred until Alternatives that have not yet been circulated can be considered.

The Committee discussed article VI, Apportionment of Scarce Currencies.

The Committee approved substitute Alternative A, sections 1 and 2 (p. 23b), and sections 3 and 4 (p. 23c).

Document 226

CI/3/M6

Minutes of Meeting of Committee 3 of Commission I

ORGANIZATION AND MANAGEMENT OF THE FUND

(*July* 8, 1944, 9:30 *a.m.*)

The Committee considered Alternative D to article VII, section 6(b), (p. 29b), relating to the depositories for the Fund's gold holdings. After discussion this was referred to Commission I to be considered along with the other Alternatives to this section. The Committee then considered article III, section 11, Alternative C (p. 14c), relating to information to be supplied to the Fund by the member countries, which replaced Alternative A. A new Alternative D, Document 203 (p. 14e), was also discussed. Alternatives C and D were referred to Commission I.

The Committee discussed article VIII, section 3 (p. 36), Settlement of Accounts with Governments Ceasing to be Members. A new Alternative was submitted and will be circulated. An amendment to article VIII, section 4, Liquidation of the Fund, was submitted and will be circulated. After discussion it was decided to refer these matters to a special subcommittee consisting of representatives of Australia, Belgium, Mexico, United Kingdom, and United States.

The subcommittee on the Executive Directors reported a "Final Alternative Submitted by the Special Subcommittee Appointed to Consider All Proposals Relative to the Executive Directors" to replace the combined Alternatives A and B, C, and D with the amendments submitted by various countries. The subcommittee reported that it had been able to reach agreement on all questions before it except the total number of Executive Directors. After discussion the whole Committee approved paragraphs 1, 4, 5, 6, 6(a), 7, 8, 9, 10, 11, 12, and 13. Paragraph 3 was referred to Commission I after consideration of an amendment Document 178, paragraph 3 (p. 26d). Paragraph 2 was discussed but no agreement had been reached at the time of adjournment. An Alternative to paragraph 2 and an amendment to Schedule B of the combined Alternatives A and B has been submitted and will be circulated.

Document 227

CI/4/M5

Minutes of Meeting of Committee 4 of Commission I

Form and Status of the Fund

(*July* 8, 1944, 11:30 *a.m.*)

The fifth meeting of Committee 4 of Commission I was held on July 8 at 11:30 a.m.

Article IX, section 7, Alternative B, Document 194 (p. 43a), was adopted in the form as presented by the subcommittee.

Considerable discussion was held upon the document presented by the subcommittee relating to article VII, section 11, Alternative B, Document 198 (p. 33a). The first three numbered subparagraphs were accepted as presented, subparagraphs 4 and 5 having been previously referred to another Committee.

With respect to article XI, Alternative C, Document 198 (p. 45a), it was decided after considerable discussion to insert in the second line between the words "from" and "a" the words "the Government of" and in the ninth line between the words "three-fifths" and "of" the words "of the Governments" to make the meaning consistent with that indicated in the seventh line and the last line of the first paragraph.

Discussion on article XII, section 1, Alternative C, Document 198 (p. 46a), was prolonged. It was finally decided to accept the text as presented in Alternative C.

After the Delegate from the United States explained the purpose of the wording which was presented, the text of article XII, section 3, Alternative A, Document 209 (p. 48), was adopted without change.

The Committee was advised that article XII, section 2, and article XIII, sections 1, 2, 3, and 4 were not yet ready for presentation to the Committee or its subcommittees. With this exception the Committee has completed the work assigned to it by Commission I.

Document 231

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

Bretton Woods

Officers of the Conference, Members of the Delegations, and Officers of the Secretariat

Officers of the Conference

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

(p. 2)

Technical Commissions and Committees

Commission I

International Monetary Fund

Chairman: Harry D. White, United States of America
Vice Chairman: Rodolfo Rojas, Venezuela
Reporting Delegate: L. Rasminsky, Canada
Secretary: Leroy Stinebower
Assistant Secretary: Eleanor Lansing Dulles

Committee 1

Purposes, Policies, and Quotas of the Fund

Chairman: Tingfu F. Tsiang, China
Reporter: Kyriakos Varvaressos, Greece
Secretary: W. A. Brown

Committee 2

Operations of the Fund

Chairman: P. A. Maletin, Union of Soviet Socialist Republics
Vice Chairman: W. A. Mackintosh, Canada
Reporter: Robert Mossé, French Delegation
Secretary: Karl Bopp
Assistant Secretary: Alice Bourneuf

Committee 3

Organization and Management

Chairman: Arthur de Souza Costa, Brazil
Reporter: Ervin Hexner, Czechoslovakia
Secretary: Malcolm Bryan
Assistant Secretary: H. J. Bittermann

(p. 3)

COMMITTEE 4

Form and Status of the Fund

Chairman: Manuel B. Llosa, Peru
Reporter: Wilhelm Keilhau, Norway
Secretary: Colonel Charles H. Dyson
Assistant Secretary: Lauren Casaday

Commission II

Bank for Reconstruction and Development

Chairman: Lord Keynes, United Kingdom
Vice Chairman: Luis Alamos Barros, Chile
Reporting Delegate: Georges Theunis, Belgium
Secretary: Arthur Upgren
Assistant Secretary: Arthur Smithies

COMMITTEE 1

Purposes, Policies, and Capital of the Bank

Chairman: J. W. Beyen, Netherlands
Reporter: J. Rafael Oreamuno, Costa Rica
Secretary: J. P. Young
Assistant Secretary: Janet Sundelson

COMMITTEE 2

Operations of the Bank

Chairman: E. I. Montoulieu, Cuba
Reporter: James B. Brigden, Australia
Secretary: H. J. Bittermann
Assistant Secretary: Ruth Russell

(p. 4)

COMMITTEE 3

Organization and Management

Chairman: Miguel López Pumarejo, Colombia
Reporter: M. H. De Kock, Union of 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
Reporter: 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

Members of the Delegations

(p. 5)

AUSTRALIA

Delegates

Leslie G. Melville, Economic Adviser to the Commonwealth Bank of Australia; *Chairman*
James B. Brigden, Financial Counselor, Australian Legation, Washington
Frederick H. Wheeler, Commonwealth Department of the Treasury
Arthur H. Tange, Commonwealth Department of External Affairs

Secretary

Morris A. Greene, Australian Legation, Washington

BELGIUM

Delegates

Camille Gutt, Minister of Finance and Economic Affairs; *Chairman*
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

(p. 6)

Advisers

Joseph Nisot, Legal Adviser, Belgian Embassy, New York; *Legal Adviser*
B. S. Chlepner, Professor of Brussels University; *Financial Adviser*

Secretary

Ernest de Selliers, Financial Attaché, Belgian Embassy, Washington

BOLIVIA

Delegate

René Ballivián, Financial Counselor, Bolivian Embassy, Washington; *Chairman*

BRAZIL

Delegates

Arthur de Souza Costa, Minister of Finance; *Chairman*
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 Provincia do Rio Grande do Sul

Secretary General

Aguinaldo Boulitreau Fragoso, Assistant to the Minister of Foreign Affairs

(p. 7)

Secretaries

Roberto de Oliveira Campos, Second Secretary, Brazilian Embassy, Washington

Zeuxis Ferreira Neves, Technical Assistant to the Commercial Counselor, Brazilian Embassy, Washington

Charles Freligh, Brazilian Embassy, Washington

Santiago Fernandes, Banco do Brasil

R. R. Vieira, Brazilian Treasury Delegation, New York

Daniel Maximo Martins

CANADA

Delegates

The Honorable J. L. Ilsley, Minister of Finance; *Chairman*

The Honorable 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

(p. 8)

J. J. Deutsch, Special Assistant to the Under Secretary of State of External Affairs

Secretary

Paul Tremblay, Third Secretary, Canadian Embassy, Washington

CHILE

Delegates

Luis Alamos Barros, Director, Central Bank of Chile; *Chairman*

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

Secretary

Carmen Señoret, Consul of Chile, Boston

Assistant Secretaries

Frank Ledesma, Secretary to the Chairman of the Delegation

Luis Aguirre

CHINA

Chairman of the Delegation

Hsiang-Hsi K'ung, Vice President of Executive Yuan and concurrently Minister of Finance; Governor of the Central Bank of China

Advisers

Hu Shih, former Chinese Ambassador to the United States

(p. 9)

Kia-Ngau Chang, High Adviser to Executive Yuan

Ming Li, Chairman, Chekiang Industrial Bank, China

Ting-Sen Wei, Member, Legislative Yuan

749013—48—20

Delegates

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

Secretary General

Chao-Ting Chi, Secretary General, Foreign Exchange Control Commission, Ministry of Finance; Research Director, Economic Research Department, the Central Bank of China

Technical Experts

Chi-Ling Tung, Vice Chairman, Foreign Trade Commission

Y. C. Wang, Secretary, the Central Bank of China

Cho-Ming Li, Professor of Economics, Southwestern Associated Universities, Kunming

(p. 10)

Chih Tsang, Director, Shanghai Commercial and Savings Bank

Tsung-Fei Koh, Secretary, International Department, Directorate General of Posts

Vung-Yuen Woo, Chief of Monetary Section, Currency Department, Ministry of Finance

C. T. Yen, Director of Department, the Central Bank of China

Technical Consultants

Arthur N. Young, Financial Adviser to the Chinese Government

Carl Neprud, Commissioner of Customs, the Ministry of Finance

Secretaries

Yen-Tsu Chen, Secretary, the Central Bank of China

Daniel S. K. Chang, Secretary, the Central Bank of China

Ping-Yeh Tcheng, Secretary, Central Trust of China

Bing-Shuey Lee, First Secretary, Chinese Embassy, Washington

Kien-Wen Yu, Second Secretary, Chinese Embassy, Washington

I. C. Sung, Assistant Treasurer, Universal Trading Corporation

Wan-Sen Lo, Secretary to the Representative of the Ministry of Finance in Washington

Ta-Chung Liu, Secretary, Office of Commercial Counselor, Chinese Embassy, Washington

Yu-Chung Hsi, Secretary to the Representative of the Ministry of Finance in Washington

(p. 11)

COLOMBIA

Delegates

Carlos Lleras Restrepo, former Minister of Finance and Comptroller General; *Chairman*

Miguel López Pumarejo, former Ambassador to the United States, Manager, Caja de Crédito Agrario, Industrial y Minero

Victor Dugand, Banker

Technical Advisers

Antonio Puerto, Banker

Salvador Camacho Roldán, Banker; Vice President, Bogotá Stock Exchange

COSTA RICA

Delegates

Francisco de P. Gutiérrez Ross, Ambassador to the United States; former Minister of Finance and Commerce; *Chairman*

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

Counselor

J. Rafael Oreamuno, Vice Chairman, Inter-American Development Commission; Member, Inter-American Financial and Economic Advisory Committee; Member, Inter-American Coffee Board; former Minister to the United States

(p. 12)

CUBA

Delegate

E. I. Montoulieu, Minister of Finance; *Chairman*

Technical Advisers

Oscar García Montes, former Minister of Finance; Professor of Political Economy, University of Habana

Ramiro Guerra y Sanchez, Delegate to the Inter-American Economic and Financial Committee; Technical Adviser of the Ministry of Finance

Miguel A. Pirez, Assistant to the Minister of Finance

Juan M. Menocal, Professor of Taxation, University of Habana; Adviser to the Office of the Prime Minister

Felipe Pazos, Commercial Attaché, Cuban Embassy, Washington

Luis Machado, Lawyer and Economist

Eduardo Durruthy, Director General of Statistics of the Ministry of Finance

Secretary

Calixto Montoulieu, Ministry of Finance

Technical Secretary

Irving Gordon

CZECHOSLOVAKIA

Delegates

Ladislav Feierabend, Minister of Finance; *Chairman*

Jan Mládek, Ministry of Finance; *Deputy Chairman*

Antonín Basch, Department of Economics, Columbia University

(p. 13)

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

Technical Adviser and Secretary

Ernest Sturc, Czechoslovak Economic Service in the United States

DOMINICAN REPUBLIC

Delegates

Anselmo Copello, Ambassador to the United States; *Chairman*

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

Secretary

J. M. Sanz Lajara, First Secretary, Embassy of the Dominican Republic, Washington

ECUADOR

Delegates

Esteban F. Carbo, Financial Counselor, Ecuadoran Embassy, Washington; *Chairman*

Sixto E. Durán Ballén, Minister Counselor, Ecuadoran Embassy, Washington

EGYPT

Delegates

Sany Lackany Bey; *Chairman*

Mahmoud Saleh El Falaky

Ahmed Selim

(p. 14)

Adviser

J. I. Craig

Technical Secretary

Leon Dichy

Secretary

Mrs. F. Carritt

EL SALVADOR

Delegates

Agustín Alfaro Moran; *Chairman*

Raúl Gamero

Víctor Manuel Valdes

ETHIOPIA

Delegates

Blatta Ephrem Tewelde Medhen, Minister to the United States; *Chairman*

George A. Blowers, Governor, State Bank of Ethiopia

Secretary

Miss Helen Willard

FRENCH DELEGATION

Delegates

Pierre Mendes-France, Commissioner of Finance; *Chairman*

André Istel, Technical Counselor to the Department of Finance

(p. 15)

Assistant Delegates

Jean de Largentaye, Finance Inspector

Robert Mossé, Professor of Economics

Raoul Aglion, Legal Counselor; *General Secretary*

Secretaries

Jean Lambert

Gaston Mallet

Georges Roncales

GREECE

Delegates

Kyriakos Varvaressos, Governor of the Bank of Greece; Ambassador Extraordinary for Economic and Financial Matters; *Chairman*

Alexander Argyropoulos, Minister Resident; Director, Economic and Commercial Division, Ministry of Foreign Affairs

Athanase Sbarounis, Director General, Ministry of Finance

Technical Advisers

Alexander Loverdos, National Bank of Greece; now at the Ministry of Finance

André Papandreou

Secretary

Mrs. Kaity Argyropoulos

GUATEMALA

Delegate

Manuel Noriega Morales, postgraduate student in economic sciences, Harvard University; *Chairman*

(p. 16)

HAITI

Delegates

André Liautaud, Ambassador to the United States; *Chairman*

Pierre Chauvet, Under Secretary of State for Finance

HONDURAS

Delegate

Julián R. Cáceres, Ambassador to the United States; *Chairman*

ICELAND

Delegates

Magnús Sigurdsson, Manager, National Bank of Iceland; *Chairman*

Ásgeir Ásgeirsson, Manager, Fishery Bank of Iceland

Svanbjörn Frímannsson, Chairman, State Commerce Board

Secretary

Miss Martha Thors

INDIA

Delegates

Sir Jeremy Raisman, Member for Finance, Government of India; *Chairman*

Sir Theodore Gregory, Economic Adviser to the Government of India

Sir Shanmukham Chetty

Sir Chintaman D. Deshmukh, Governor, Reserve Bank of India

A. D. Shroff

(p. 17)

Adviser

Sir David Meek, Trade Commissioner, London

Assistant Adviser

Mrs. A. A. Henderson

Secretary

B. K. Madan

IRAN

Delegates

Abol Hassan Ebtehaj, Governor of National Bank of Iran; *Chairman*

Dr. A. A. Daftary, Counselor, Iranian Legation, Washington

Hossein Navab, Consul General, New York
Dr. Taghi Nassr, Iranian Trade and Economic Commissioner, New York

IRAQ

Delegates

Ibrahim Kamal, Senator and former Minister of Finance; *Chairman*
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

(p. 18)

LIBERIA

Delegates

William E. Dennis, Secretary of the Treasury; *Chairman*
James F. Cooper, former Secretary of the Treasury
Walter F. Walker, Consul General, New York

Secretary

K. Jefferies Adorkor, Jr.

LUXEMBOURG

Delegate

Hugues Le Gallais, Minister to the United States; *Chairman*

MEXICO

Delegates

Eduardo Suárez, Minister of Finance; *Chairman*
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

General Secretaries

Salvador Duhart, First Secretary, Mexican Embassy, Washington
Julián Sáenz, Mexican Consul, New York

Technical Secretary

Victor Urquidi, Economist, Department of Economic Studies, Banco de México

(p. 19)

NETHERLANDS

Delegates

J. W. Beyen, Financial Adviser to the Netherlands Government; *Chairman*
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

Experts

A. Andriesse, Private Banker
A. Bestebreurtje, President, Netherlands Chamber of Commerce in New York, Inc.
J. J. Polak, Economist attached to the Netherlands Economic, Financial, and Shipping Mission in the United States

C. H. Schoch, Representative, Netherlands Indies Exchange Control

Advisers to the Chairman

J. Jerome Williams, Netherlands Embassy, Washington

L. H. Capriles

W. J. A. de Heer

Secretary

A. Broches

(p. 20)

NEW ZEALAND

Delegates

Walter Nash, Minister of Finance; Minister to the United States; *Chairman*

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

Adviser and Secretary

Bruce R. Turner, Second Secretary, New Zealand Legation, Washington

NICARAGUA

Delegates

Guillermo Sevilla Sacasa, Ambassador to the United States; *Chairman*

León DeBayle, former Ambassador to the United States

J. Jesús Sánchez Roig, Secretary, Board of Directors, National Bank of Nicaragua

NORWAY

Delegates

Wilhelm Keilhau, Director, Bank of Norway, p.t., London; *Chairman*

Ole Colbjornsen, Financial Counselor, Norwegian Embassy, Washington

Arne Skaug, Commercial Counselor, Norwegian Embassy, Washington

(p. 21)

Technical Adviser

Kaare Petersen, Norwegian Shipping and Trade Mission, New York

Secretary

Torfinn Oftedal, First Secretary, Norwegian Embassy, Washington

PANAMA

Delegates

Guillermo Arango, President, Investors Service Corporation of Panama; *Chairman*

Narciso E. Garay, First Secretary, Panamanian Embassy, Washington

PARAGUAY

Delegates

Celso R. Velázquez, Ambassador to the United States; *Chairman*

Néstor M. Campos Ros, First Secretary, Paraguayan Embassy, Washington

PERU

Delegates

Pedro Beltrán, Ambassador-designate to the United States; *Chairman*

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

(p. 22)

Technical Adviser

Emilio G. Barreto

Secretary

Alvaro Rey de Castro, Third Secretary, Peruvian Embassy, Washington

PHILIPPINE COMMONWEALTH

Delegates

Col. Andrés Soriano, Secretary of Finance of the Philippine Commonwealth; *Chairman*

Jaime Hernandez, Auditor General of the Philippine Commonwealth

Joseph H. Foley, Manager, Philippine National Bank, New York Agency, Philippine Commonwealth

Technical Adviser and Secretary

Ismael Mathay, Technical Assistant to the Auditor General of the Philippine Commonwealth

POLAND

Delegates

Ludwik Grosfeld, Minister of Finance; *Chairman*

Leon Barański, Director General, Bank of Poland

Zygmunt Karpiński, Director, Bank of Poland

Stanislaw Kirkor, Director, Ministry of Finance

Janusz Zóltowski, Financial Counselor, Polish Embassy, Washington

(p. 23)

Experts

Michal A. Heilperin, Associate Professor of Economics, Hamilton College

Wladyslaw Malinowski, Assistant Financial Counselor, Polish Embassy, Washington

Secretary

Gustaw Gottesman, Secretary to the Minister of Finance

UNION OF SOUTH AFRICA

Delegates

S. F. N. Gie, Minister to the United States; *Chairman*

J. E. Holloway, Secretary for Finance; *Co-delegate*

M. H. de Kock, Deputy Governor of South African Bank; *Co-delegate*

Adviser

W. C. Naudé, Attaché, South African Legation, Washington

UNION OF SOVIET SOCIALIST REPUBLICS

Delegates

M. S. Stepanov, Deputy People's Commissar of Foreign Trade; *Chairman*

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

(p. 24)

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

Experts

A. M. Smirnov, Professor; Adviser of the People's Commissariat for Foreign Trade

M. M. Idashkin, Financial Adviser of the People's Commissariat for Foreign Trade
F. P. Bystrov, Professor of Finance; Doctor of Economics
Secretaries
M. I. Chibisov, Assistant to the Chairman
N. I. Kuzminsky, Private Secretary to the Chairman

UNITED KINGDOM
Delegates
Lord Keynes; *Chairman*
The Hon. 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
(p. 25)
Advisers
William E. Beckett, Foreign Office
G. L. F. Bolton, Bank of England
Charles H. Campbell, First Secretary, British Embassy, Washington
John W. Russell, Second Secretary, British Embassy, Washington
Ralph H. Thomas, Second Secretary, British Embassy, Washington
Secretaries
H. E. Brooks, United Kingdom Treasury
A. W. Snelling, Dominions Office
Richard T. G. Miles, Third Secretary, British Embassy, Washington

UNITED STATES OF AMERICA
Delegates
Henry Morgenthau, Jr., Secretary of the Treasury; *Chairman*
Fred M. Vinson, Director, Office of Economic Stabilization; *Vice Chairman*
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
(p. 26)
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
Technical Advisers
James W. Angell, Foreign Economic Administration
E. M. Bernstein, Treasury Department; *Executive Secretary of the Delegation*

Malcolm Bryan, First Vice President, Federal Reserve Bank of Atlanta
E. G. Collado, Department of State
Henry Edmiston, Vice President, Federal Rerserve Bank of St. Louis
Walter Gardner, Board of Governors, Federal Reserve System
E. A. Goldenweiser, Board of Governors, Federal Reserve System
A. H. Hansen, Board of Governors, Federal Reserve System
Frederick Livesey, Department of State
Walter Louchheim, Jr., Securities and Exchange Commission
August Maffry, Department of Commerce
Norman T. Ness, Treasury Department

(p. 27)

Leo S. Pasvolsky, Department of State
Warren Pierson, Export-Import Bank
Chauncey W. Reed, House of Representatives; Member, Committee on Coinage, Weights and Measures
Andrew L. Somers, House of Representatives; Chairman, Committee on Coinage, Weights and Measures
M. S. Szymczak, Board of Governors, Federal Reserve System

Legal Advisers

Ansel F. Luxford, Treasury Department; *Chief Legal Adviser*
Ben Cohen, Stabilization Board
Oscar Cox, Foreign Economic Administration
E. B. Stroud, Vice President, Federal Reserve Bank of Dallas

Secretary General of the Delegation

Charles S. Bell, Treasury Department

Assistants to the Chairman

Henrietta S. Klotz, Treasury Department
Margaret McHugh, Treasury Department
Frederik Smith, Treasury Department
Arthur Sweetser, Office of War Information

Technical Secretaries

Elting Arnold, Treasury Department
R. B. Brenner, Treasury Department
I. Lubin, Department of Labor
George Luthringer, Department of State
E. E. Minskoff, Treasury Department
Dorothy F. Richardson, Treasury Department
G. Silvermaster, Department of Agriculture

(p. 28)

URUGUAY

Delegates

Mario La Gamma Acevedo, Expert, Ministry of Finance; *Chairman*
Hugo García, Financial Attaché, Uruguayan Embassy, Washington

VENEZUELA

Delegates

Rodolfo Rojas, Minister of the Treasury; *Chairman*
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

Secretary

Manuel Pérez Guerrero, Chief, Office of the Committee for the Study of Post-War Questions, Ministry of Foreign Affairs

YUGOSLAVIA

Delegate

Vladimir Rybář, Counselor of the Yugoslav Embassy, Washington; *Chairman*

(p. 29)

THE DANISH MINISTER

Henrik de Kauffmann, Minister to the United States

Adviser

Count Benedict Ahlefeldt-Laurvig, Financial Counselor, Danish Legation, Washington

---

OBSERVERS FROM PUBLIC INTERNATIONAL ORGANIZATIONS

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; *Alternate*

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

(p. 30)

OFFICERS OF THE SECRETARIAT

Secretary General of the Conference

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

W. A. Brown, 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

Raymond Mikesell, Treasury Department

(p. 31)

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

(p. 32)

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
P. Henry Mueller, Department of State

Chief of the Interpreting and Translating Bureau
Guillermo Suro, Acting Chief, Central Translating Division, Department of State

Secretary for Transportation and Special Services
M. Hamilton Osborne, Department of State

Editor of the "Journal"
Frances Armbruster, Department of State

Document 233

CI/4/RP2

Second Report of Committee 4 of Commission I

DR. WILHELM KEILHAU, *Reporter*

The second meeting of Committee 4 was held on July 5. The Committee adopted the same rules of procedure as had already been introduced for the other committees.

The Committee discussed the articles dealing with immunity and taxation exemptions of the Fund, its Governors and staff. One of the delegations suggested that the Governors and staff of the Fund should enjoy "diplomatic status," but it was pointed out that if the Governors and functionaries of the Fund were given diplomatic status, they would, in reality, be placed in a better position than persons belonging to any country's diplomatic service. The fact is that the diplomats and the diplomatic staffs are responsible to their governments which have every power to act against them if they commit any trespasses, whilst the Governors and the staff of the Fund will be responsible to an international body with no power of jurisdiction. The suggestion was withdrawn.

The discussions revealed that a number of complicated legal questions were connected with the substance of Article IX, Section 7 (page 43a), and it was resolved to refer these questions to a special subcommittee to be appointed by the Chair. As members of that subcommittee were chosen the delegates from Cuba, Norway, Union of Soviet Socialist Republics, United Kingdom and the United States of America, with the delegate of the United States as Chairman. As members of the "asterisk" committee were chosen the same delegates with the addition of the delegates from China, Ecuador and Poland. Consequently, these two committees were able to join in a final meeting.

The work of the subcommittees as well as that of the whole Committee encountered one difficulty of a particularly theoretical character, as it proved to be rather difficult to find legal expressions which meant quite the same thing in the legal systems of the Anglo-Saxon powers as they mean in the legal systems of most other countries. Accordingly, the discussions, and, in particular, those of the subcommittee on Article IX, Section 7, had to concentrate on a number of legal points, but I daresay that we at last succeeded in finding formulations which were deemed satisfactory by the representatives of all nations participating. The final drafts of the two subcommittees were placed before the fifth meeting of the Committee, held on Saturday, the 8th of July, and adopted. At the end of that meeting the Committee had dealt with all provisos contained in the material which, until then, had been made available. The Committee has even done more. The fact is that most questions concerning form and status of the Fund will be identical with the same questions in relation to the Bank, and I should think that the solutions found and elaborated by the Committee for the Fund may be applied to the Bank with very slight and unimportant alterations.

If I am not mistaken, I have to report only one disagreement on substance. It refers to Article VIII, Section 1. The Australian delegation will bring before the Commission Alternative B (Document 32, page 34), to the effect that "a member country may withdraw from the (p. 2) Fund by giving notice in writing, and the right of withdrawal shall not be prejudiced by membership of the Fund being made a condition of membership of any other international body." The other delegates who partook in the discussion, declared that the proposal could not be accepted, because the Fund was not in a position to dictate to other international bodies what policy such bodies might find it appropriate to adopt. Against this observation, the Australian delegation remarked that their proposal would act as a recommendation from the Fund to other international bodies, and that it would be up to these bodies to attach the right importance to such recommendation. The Australian delegation firmly wish the inclusion of the proviso because the whole system of the Fund was such that an immediate and unconditional withdrawal was left as the only means of securing the sovereignty rights of member countries in case of serious conflicts with the Fund.

As the various proposals of Committee 4 have been distributed to all members of Commission I, I do not find it appropriate in this short report to comment upon them in any detail. I should only like to draw the attention of the members to the nature of the problem which we have tried to solve by the provisos in Article XII, Section 1, (a), (b), and (c) (Document #198, to substitute for Page 46a). This problem consisted in keeping disputes concerning the interpretation of the Agreement between the Fund and any member country, within the setup of the Fund itself, but, at the same time, to secure for the member in question privileges of fair treatment. I think that members, when they read our proposals, will acknowledge that we have succeeded in finding a workable solution. If a conflict should end in the withdrawal of the member country, or disputes between member countries and the Fund should arise after its possible liquidation, we have drafted rules of arbitration. We have found it necessary that the Convention itself prescribe the composition of the tribunal of arbitration. We propose that each party should appoint one member and that the umpire, unless the parties otherwise agree, shall be appointed by the President of the Permanent Court of International Justice.

Document 234

CI/2/RP2

Second Report of Committee 2 on Operations of the Fund to Commission I

July 9, 1944

PROFESSOR ROBERT MOSSÉ:

Revision of First Report

Upon request by Mr. Rasminsky (Canada), I want to revise one of my statements on Page 2 of my report of July 5, 10:30 a. m., to Commission I (Doc. #128). I substitute the word "willingness" for the word "consent." I did not imply that a specific consent in the legal sense of the word was required from the capital importing country; I merely meant that capital transfers in the case of Section 2a (page 6a) will practically be impossible if the prospective capital importing country should be unwilling to accept these imports of capital. I was thinking in terms of actuality and not in terms of legality.

In its meetings Wednesday through Saturday, Committee 2 made considerable progress, covering Article III, sections 5 to 12, Article IV, Article V and Article VI. Unfortunately, it ducked around a few hurdles; with, however, the firm intention to come back and take them later.

Article III. *Transactions with the Fund*

(The references are always to Doc. SA/1. The numbers of the sections are those appearing in Alternative A.)

SECTION 2. *Conditions upon Which any Member may Purchase Currencies of other Members,* (*3*) (page 6a)—
Carry-over Provisions

You remember, Gentlemen, that this Commission sent back to Committee 2, Article III, 2 (3), which can be referred to as the carry-over question. Committee 2 in turn sent this problem to an ad hoc Subcommittee, composed of Australian, Brazilian, Canadian, Chinese, French, Mexican, Dutch, British, Soviet and United States representatives.

I am advised that this ad hoc Subcommittee has made good progress but its report has not yet been placed before Committee 2.

Silver (*page 6d*)

The Committee has received an Alternative E to be inserted as an additional section after Article III, section 2 (page 6d). This alternative deals with the rights of *silver hoarding* countries to obtain from the Fund additional foreign currency. This suggestion obtained support from a number of countries. There was also a strong statement in opposition. Further discussion was deferred when it was suggested that some modification of the waiver provision might afford a satisfactory compromise.

7/9/44

(p. 2)

SECTION 2(a)—*Conditions Governing Purchases For Capital Transfers* (pages 6a and 6b)

Please refer to Report No. 1, Document CI/2/RP1.

SECTION 3—*Declaring Members Ineligible to Use the Resources of the Fund* (page 6b)

Please see Report No. 1, Document CI/2/RP1.

SECTION 4—*Limitation on the Operations of the Fund* (page 7)

As I already said in Report No. 1, Alternative A (page 7) was approved. I want, however, to elaborate somewhat on my remarks, from an operative standpoint. A member country is expected to call upon the resources of the Fund when its balance of payments with one particular country becomes unfavorable. In the case of two countries having free exchange markets, the signal will be a weakening of the currency of the country which has an unfavorable balance. With the old-fashioned system, the weakening would be stopped by gold exports when the gold point is reached. With our machinery, the interested country will draw foreign currency from a pool of reserves and there appears to be a kind of international Fund *point*. However, I don't think that there is any obligation for a member country to wait until the Fund point is reached to draw from the Fund. In the case of countries with exchange controls, the situation of the balance of payments will appear directly in the books of the central agency dealing with exchange.

There are, however, two limitations on that mechanism. On the one hand, a country can buy only the currency of another country and can not obtain an international medium of payment, therefore, some degree of supervision of the bi-lateral balances of payments is entrusted to the Fund. On the other hand, a country can only *buy* foreign currency from the Fund without being able to *sell* foreign currency to the Fund. This section on limitations was well christened indeed. If I am mistaken in this interpretation, I will be glad to be corrected.

SECTION 5—*Operations for the Purpose of Preventing Currencies from Becoming Scarce* (page 8)

On section 5, page 8, general agreement was reached on Alternative A as amended.

According to paragraph (1), the Fund may borrow the currency of a country either from the Government of that country, or from a private source or from a third country, but in the last two cases, the Government whose currency is being borrowed must approve of the transaction. Paragraph 2 should now read: "Buy that currency from that member with gold." The meaning implied is that a country is required to sell its currency for gold. It is also meant that the Fund may buy with gold the currency of one member *only from that particular member.*

7/9/44

(p. 3)

SECTION 6.—*Multilateral International Clearing.* (pages 9a and 9b)

There was some discussion of this matter but it was agreed to defer further discussion pending clarification.

SECTION 7.—*Acquisition by Members of the Currencies of Other Members for Gold.* (page 10)

The Committee endorses without objection section 7, Alternative A, page 10. According to this section any member desiring to obtain the currency of another member for gold shall make the purchase from the Fund provided it can do so with equal advantage. Apparently this Article gives to the Fund almost a privilege; the idea is to channel gold to the Fund instead of allowing member countries to use ther gold outside the Fund. Under this rule the Fund will be able, to a certain extent, to dispose of its holdings of national currencies and to acquire gold instead. The only difficulty is that the phrase "provided that it can do so with equal advantage" offers a rather easy possibility of circumvention.

SECTION 8.—*Other Acquisitions of Gold by the Fund.* (page 11)

The discussion of this question was deferred because Alternative A has not yet been submitted to the Committee.

SECTION 9.—*Transferability and Guarantee of the Assets of the Fund.* (page 12)

Section 9 was referred to the Asterisk Committee. After hear-

749013—48—21

ing the report of that Committee, Committee 2 agreed to accept paragraph (a) and paragraph (c) as they stand. But the Asterisk Committee reported that it had not been possible to agree on paragraph (b). After a long discussion, the Committee requested the American delegation to submit a memorandum explaining the implications of this paragraph in economic terms; the memorandum should also recommend technical measures to protect the Fund's interests. May I suggest that the Commission not undertake any discussion until Committee 2 has further considered the question.

SECTION 10.—*Charges and Commissions.* (page 13)

Deferred because material lacking.

SECTION 11.—*Furnishing Information.* (page 14)

Transferred to Committee 3 of Commission I.

SECTION 12.—*Consideration of Representations of the Fund.* (page 15)

This section is still being considered by the Asterisk Committee of Committee 2.

7/9/44

(p. 4)

Article IV. *Par Values of Member Countries*

On Article IV in general very good progress was made.

SECTION 1. *Par Values of the Currencies of Members* (Page 16)

This section has been approved as per Alternative A. It states that the par values of the currency of each member shall be expressed in terms of gold as a common denominator or in terms of gold convertible currency unit.

SECTIONS 2 to 4. *Changes in Par Value of Currencies* (Page 17a)

There was a long controversy on the very familiar topic Rigidity vs. Stability about which we all have heard for nearly 20 years. Probably neither the adherents of flexibility, nor the adherents of stability have changed their minds during our discussion. But, most of them are almost willing to end this twenty-year war by a compromise. I was instructed to report to you that the Committee made substantial progress but it was decided to defer drawing the discussion to a conclusion until all delegates have had time to examine the proposal more carefully. In the course of the discussion strong views were expressed together with some reservations; but since the discussion has not been concluded, I thought it advisable to postpone reporting reservations and recorded views until final action is taken by the Committee.

SECTION 5. *Uniform Changes in Par Values* (pages 18, 18a, 18b)

Committee 2 has reached no agreement and has instructed me to report that there is wide diversity of opinion.

The issue concerned the majority which would be required in order to decide on a uniform change in the gold value of member currencies. Some committee members wanted the decision to require the approval of each country having 10% or more of the quotas. Others insisted that the question should be decided by a majority vote based on voting power as determined by quotas. And many others would like to see the question decided by a majority of the countries, each country casting one vote.

As a matter of fact these different ideas are diversely combined in the various alternatives. One obvious underlying fact is that countries with a small quota favor having one vote by country. But there is also another underlying issue, namely that the rules on voting determine the degree of flexibility. The more stringent the rule of the majority, the less the possibility of changes in the gold value.

7/9/44

(p. 5) The question is a very intricate one and the only thing I can do is to offer, in a personal capacity, the suggestion that the question be dealt with by Committee 3 as a part of the general problem of voting. As a further suggestion, your reporter feels that there should be one or two general rules concerning the voting and these rules should be applied in all cases instead of having to decide for each problem what kind of majority is required.

SECTION 6. *Protection of the Assets of the Fund.* (page 19.)

This Section 6 was generally agreed upon with a slight change in the wording (see minutes of meeting, July 7th, 2:30). This Section states that the Fund may have neither losses nor profits out of its holding foreign currencies, in case of change in the value of the currency. This principle is usually referred to as a "gold clause".

SECTION 7. *Separate Currencies Within a Member's Jurisdiction.* (page 20.)

Alternative A, page 20, was accepted, with the suggestion to our legal friends to consider the word "however". Section 7 merely states that in case of various currencies in the different territories of one member, this member has the option to decide whether the change relates to the metropolitan currency alone or to one or more specified subordinate currencies.

With this Section, we close Article IV.

Article V. *Capital Transactions*

SECTION 1. *Use of Resources of the Fund for Transfer of Capital.* (page 21.)

After a very informative discussion, there was a general agreement on this Section (see Minutes of meeting, July 7th, 2:30). According to this Section, as amended, a member may not make net use of the resources of the Fund to meet a large out-flow of capital. But the use of the Fund is permitted for capital transactions of a reasonable amount required for the ordinary course of business. A point well made by the Delegate from India and supported by the Delegate from the United Kingdom was that the movement of capital goods is not restricted in any way by this Article.

SECTION 2. *Limitation on Controls of Capital Movements.* (page 22.)

Committee 2 agreed upon the following new draft: "Members may exercise such controls as are necessary to regulate international capital movements, but no member may exercise

7/9/44

(p. 6) such controls in a manner which will restrict payments for current transactions or which will unduly delay the transfer of funds . . . . ." and so on, as per Alternative A.

This Article is certainly a very important one because it recognizes the right of any member country to organize or to maintain an exchange control for capital movements. Furthermore, as per Section 1, page 21, the Fund is authorized to request a member to set up such controls. Although the general purpose of the Fund is to foster free exchanges, it is remarkable that the experts have found it advisable not only to make provisions allowing exchange control for capital movements, but also recommending it in some cases. It will certainly be difficult to draw a line between controlling movements of capital and controlling transactions for trade purposes.

Article VI. ***Apportionment of Scarce Currencies.*** **(page 23b.)**

There was general agreement on Section 1, Section 2, Section 3 and Section 4 of this Article. According to these sections, when a currency becomes scarce, the Fund shall formally declare the scarcity of that currency and shall henceforth apportion the supply of that currency with due regard to the relative needs of members, to the general international economic situation and to any other pertinent considerations. Those members whose currency has become scarce may temporarily limit the freedom of exchange operations. Although this Article was approved, some reservations were expressed concerning the way in which the scarce currency or currencies will be apportioned. It seems clear that Alternative A practically gives a blanket control to the Fund. Specifically, the question was raised as to which majority will be necessary to decide upon such matters.

7/9/44

APPENDIX A

STATUS OF ASSIGNMENTS OF COMMITTEE 2 (COMMISSION I)

OPERATIONS OF THE FUND AS OF 7:00 P.M., JULY 8, 1944

(References Made to Doc. SA/1)

Article and Section—(Sections as numbered in Alternative A)	Language Accepted	Referred to Drafting or Other Subcommittee	Referred to Commission I Without Decision	No Action or Decision. *Deferred*	Other Action
ARTICLE III. Transactions with the Fund					
Section 1. Agencies Dealing with the Fund, Alt. A, p. 5.	III.1. Alt.A. as amended				
Section 2. Conditions Upon Which Any Member May Purchase Currencies of Other Members, Alt. A, p. 6a					
Introductory Sentence	III.2. Introd. Sentence. Alt. A				
Par. (1)	III.2.(1) Alt. A				
Par. (2)	III.2.(2) Alt. A				
Par. (3)		III.2.(3)			
Par. (4)	III.2.(4) Alt. A				

Article and Section— (Sections as numbered in Alternative A)	Language Accepted	Referred to Drafting or Other Subcommittee	Referred to Commission I Without Decision	No Action or Decision. *Deferred*	Other Action
Final Sentence	III.2. Fin. Sent.Alt. A				
(p. 2)					
Alt. E, p. 6d				III.2 Alt. E	
Section 2(a). Conditions Governing Purchases for Capital Transfers, Alt. A, pp. 6a, 6b	III.2a, Alt.A				
Section 3. Declaring Members Ineligible to use Resources of the Fund, Alt. A, p. 6b	III.3 Alt.A				
Section 4. Limitations on Operations of the Fund, Alt. A, p. 7	III.4. Alt.A				
Section 5. Operations for Purpose of Preventing Currencies Becoming Scarce, Alt. A, p. 8					
Par. (1) and (2)	III.5(1) (2) Alt. A as amended				
Section 6. Multilateral International Clearing, Alt. A and B, pp. 9, 9a				III.6 Alt.A,B	
(p. 3)					
Section 7. Acquisition by Members of the Currencies of Other Members for Gold, Alt. A, p. 10	III.7. Alt. A				

Article and Section— (Sections as numbered in Alternative A)	Language Accepted	Referred to Drafting or Other Subcommittee	Referred to Commission I Without Decision	No Action or Decision. *Deferred*	Other Action
Section 8. Other Acquisitions of Gold by the Fund, pp. 11, 11a, 11b, 11c				III.8 Material Lacking	
Section 9. Transferability and Guarantee of Assets of the Fund, Alt. A					
Par. (a)	III.9(a). Alt. A				
Par. (b)				III.9(b). Alt. A	
Par. (c)	III.9(c) Alt. A				
Section 10. Charges and Commissions, Alt. A. and B, p. 13				III.10. Alt.A,B Material Lacking	
Section 11. Furnishing Information, Alt. A and B, pp. 14, 14a, 14b					Transferred to Com. 3 of Com. I
Section 12. Consideration of Representations of the Fund, Alt. A and B, p. 15		III.12. Alt. A & Alt. B			
(p. 4)					
ARTICLE IV. Par Values of Member Currencies					

Article and Section—(Sections as numbered in Alternative A)	Language Accepted	Referred to Drafting or Other Subcommittee	Referred to Commission I Without Decision	No Action or Decision. *Deferred*	Other Action
Section 1. Par Values of the Currencies of Members, Alt. A, 3e3 p. 16	IV.1. Alt. A				
Alt. B, p. 16a					Transferred to Article XIII, p. 49, Doc.SA/1
Section 2, 3, 4. Changes in Par Values, Alt. A, B, pp. 17a, 17aa, 17b				IV.2,3,4	
Section 5. Uniform Changes in Par Value, Alt. A, B, C, pp. 18, 18a, 18b			IV.5		
Section 6. Protection of the Assets of the Fund, Revised Alt. A, p. 19	IV.6. Rev. Alt.A				
Section 7. Separate Currencies Within a Member's Jurisdiction, Alt. A, p. 20	IV.7. Alt. A				
(p. 5)					
ARTICLE V. Capital Transactions					
Section 1. Use of Resources of the Fund for Transfers of Capital, Alt. A, p. 21	V.1. Alt. A As Amended				

Article and Section— (Sections as numbered in Alternative A)	Language Accepted	Referred to Drafting or Other Subcommittee	Referred to Commission I Without Decision	No Action or Decision. *Deferred*	Other Action
Section 2. Limitations on Controls of Capital Movements, Alt. A, p. 22	V.2. Alt.A As Amended				
ARTICLE VI. Apportionment of Scarce Currencies					
Section 1. General Scarcity, Alt. A, p. 23a	VI.1. Alt. A				
Section 2. Scarcity of the Fund's Holding, Alt. A, p. 23b	VI.2. Alt. A				
ARTICLE X. Transitional Arrangements				X Material Lacking	
ARTICLE XIII. Final Provisions					
Section 5. Fixing Initial Par Values				XIII.5 Material Lacking	

APPENDIX B

Text of Sections as Approved by Committee 2 of Commission I

Article III, Section 1, Alternative A amended (p. 5)

Each member country 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.*

Article III, Section 2 (Introductory clause), Alternative A (p. 6a)

Conditions upon which any Member may purchase currencies of other Members. 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:

Article III, Section 2(1) Alternative A (p. 6a)

The member *initiating the purchase* represents that the currency *requested* is presently needed for making payments in that currency which are consistent with the *provisions of this Agreement*;

Article III, Section 2(4) Alternative A (p. 6a)

The Fund has not previously declared under Section 3 of this Article that the member initiating the purchase is ineligible to use the resources of the Fund.

Article III, Section 2 (Final Sentence), Alternative A (p. 6a)

The Fund may, in its discretion, and on terms which safeguard its interests, waive any of these conditions. In special circumstances, where the Fund considers it necessary, it may require collateral security as a condition of such waiver.

Article III, Section 2a, Alternative A (p. 6a and 6b)

If the Fund's holdings of the currency of a member have remained below 75 percent of its quota for a period not less than six months such member shall be entitled, notwithstanding the provisions of Article V, Section 1, to buy the currency of another member from the Fund for its own currency for any purpose, including capital transfers, provided, however, that purchases for capital transfers may not have the effect of raising the Fund's holdings of the currency of such member above 75 percent of its quota, or reducing the Fund's holdings of the currency purchased below 75 per cent of the quota of the member whose currency is purchased.

Article III, Section 3, Alternative A (p. 6b)

Declaring Members Ineligible to Use the Resources of the Fund.

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 stating a suitable time for reply. After presenting such a report to a

7/9/44

(p. 2)

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 stated time, or the reply received is unsatisfactory, the Fund may continue to limit the member's use of the Fund's resources or, after giving reasonable notice to the member, declare it ineligible to use the resources of the Fund.

Article III, Section 4, Alternative A (p. 7)

Limitation on the operations of the Fund.

Except as otherwise provided in this Agreement, operations for 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 the currency of the member initiating the transactions or for gold.

Article III, Section 5 (Introductory clause), Alternative A (p. 8)

Operations for the Purpose of Preventing Currencies from Becoming Scarce.

The Fund may, if it deems such action appropriate to prevent the currency of any member from becoming scarce, take either or both of the following steps:

Article III, Section 5(1), Alternative A as Amended (p. 8)

Propose to the member that, on terms and conditions agreed between them, it lend such currency to the Fund or, with the approval of the member, that the Fund borrow such currency from some other source either within or outside the territory of the member; but no member shall be under any obligation to make such loans to the Fund or to approve the Fund's borrowing its currency from any other source.

Article III, Section 5(2), Alternative A as Amended (p. 8)

Buy that currency from that member with gold.

Article III, Section 7, Alternative A (p. 10)

Acquisition by Members of the Currencies of Other Members for Gold.

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 the currency by the sale of gold to the Fund. *Nothing in this Section shall be deemed* to preclude any member from selling in any market the new production of gold from mines located within territory subject to its jurisdiction.

7/9/44

(p. 3)

Article III, Section 9, (a) Alternative A (p. 12)

All assets of the Fund shall, to the extent necessary to carry out the operations prescribed by this Agreement, be free from restrictions, regulations and controls of any nature imposed by members.

Article III, Section 9, (c) Alternative A (p. 12)

All assets of the Fund shall be guaranteed by each member against loss resulting from failure or default on the part of the despository designated by such member.

Article IV, Section 1, Alternative A (p. 16)

Par Values of the Currencies of Members.

The par value of the currency of each member shall be expressed in terms of gold, *as a common denominator, or in terms of a gold-convertible currency unit of the weight and fineness in effect on July 1, 1944. 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.*

Article IV, Section 6, Alternative A as Amended, (p. 19)

Protection of the Assets of the Fund.

No change in the foreign exchange value of the currency of any member shall alter the gold value of the assets of the Fund. Whenever (i) the par value of a currency of a member is reduced, or (ii) the foreign exchange value of the currency of any member has depreciated within its jurisdiction to a significant extent in the opinion of the Fund, the member shall compensate the Fund by paying to the Fund within a reasonable time an amount of its own currency equal to the reduction in the gold value of the currency of such member held by the Fund. Whenever the par value of the currency of any member has been increased the Fund shall compensate such member by returning, within a reasonable time, an amount in the currency of such member equal to the increase in the gold value of the currency of such member held by the Fund.

The provisions of this Section shall apply to the case in which a uniform proportional change is made in the par values of the currency of all members, unless at the time when such a change is proposed to be made the Fund shall declare them to be inapplicable.

Article IV, Section 7, Alternative A (p. 20)

Separate Currencies within a Member's jurisdiction.

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 currencies of all territories under its jurisdiction. It shall however be open to a member to declare that its proposal relates either to the metropolitan currency alone, or to one or more specified subordinate currencies alone, or to the metropolitan currency and one or more specified subordinate currencies.

7/9/44

(p. 4)

Article V, Section 1, Alternative A as Amended (p. 21)

Use of the Resources of the Fund for Transfers of Capital.

A member may not make net use of the resources of the Fund 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 request, a member fails to exercise appropriate controls the Fund may declare such member ineligible to use the resources of the Fund.

This Section is not intended 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. Capital movements which are met out of a member's own resources of gold and foreign exchange are not affected by this section, but members undertake that such capital movements will be in accord with the purposes of the Fund.

Article V, Section 2, Alternative A as Amended (p. 22)

Limitation on Controls of Capital Movements.

Members may exercise such controls as are necessary to regulate international capital movements but no member may exercise such controls in a manner which will restrict payments for current transactions or which will unduly delay the transfer of funds in settlement of commitments, except as provided in VI, 2 and in X.

Article VI, Section 1, Substitute Alternative A (pp. 23b and 23c)

#SECTION 1. *General Scarcity*

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. In the preparation of such report there shall participate a representative of the member the currency of which is involved.

#SECTION 2. *Scarcity of the Fund's Holdings*

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 acted under Section 1 above, shall formally declare such currency scarce and shall thenceforth apportion the existing and accruing supply of the scarce currency with due regard to the relative needs of members and the general international economic situation and any other pertinent considerations. The Fund shall also issue a report concerning its action. The formal declaration shall operate as an authorization to a member, after consultation between such member and the Fund, temporarily to limit the freedom of exchange operations in the affected currency. Subject to the provisions of Article IX, Section 2 (J. S.), 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 of it held by, or accruing to, the member in question; and they shall be relaxed and removed as rapidly as conditions permit. This authorization shall cease to be in effect whenever the Fund formally declares the currency in question no longer scarce.

7/9/44

(p. 5)

#SECTION 3. *Administration of Restrictions on Scarce Currencies.*

Any member imposing restrictions in respect of the currency of any other member pursuant to the provisions of this Article shall give sympathetic consideration to any representations which may be made by such other member regarding the administration of such restrictions.

#SECTION 4. *Effect of Other International Agreements on Restrictions on Scarce Currencies.*

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.

7/9/44

Document 235

CIII/A

Report Submitted to Commission III by the Agenda Committee Appointed to Receive and Consider Proposals Submitted for Consideration in Commission III

(*To be presented at meeting of Commission III, July* 10)

Bretton Woods, *July 10, 1944*

MR. CHAIRMAN:

At the first meeting of Commission III held at 5:00 p. m. on July 3, 1944, an Agenda Committee was appointed to receive and consider topics submitted as appropriate for consideration in Commission III. During the week ten proposals were received by the Agenda Committee.

After studying these proposals, it appeared to the members of the Agenda Committee that the proposals related to three general fields of interest. One of the proposals related to the use of Silver for international monetary purposes. Several proposals related to the general subject of looted property and assets controlled by the enemy. A number of other proposals related to economic and financial policies and the publication and interchange of information. Accordingly, it is the recommendation of the Agenda Committee that there be established in Commission III three "ad hoc" committees to consider these general fields of interest and to make recommendations to the full Commission for action to be taken at this Conference with respect to their respective fields.

Committee 1 would be charged with making recommendations concerning "The Use of Silver for International Monetary Purposes;" Committee 2 would make recommendations concerning action to be taken by this Conference relating to "Enemy Assets, Looted Property, and Related Matters;" and Committee 3 would be charged with proposing recommendations to be made by this Commission relating to "Economic and Financial Policies, Exchange of Information, and Other Means of Financial Cooperation".

It was felt by the members of the Agenda Committee that all of the proposals received by it should be placed before the members of this Commission for such discussion as might be desired in the light of the recommendations of the Agenda Committee. Accordingly, I will read the full text of the proposals, indicating in each case the Committee to which the proposal, in the opinion of the Agenda Committee, should be assigned. It is suggested, Mr. Chairman, that after the reading of each proposal the Delegation which submitted it be permitted to make supporting or clarifying remarks, should it care to do so, and any other Delegation wishing to comment upon the proposal be afforded an opportunity to do so.

1. Proposal on silver submitted by Mexican Delegation:

(p. 2) WHEREAS it is undeniable that about half of the world's population prefers silver coins to any other kind of currency for everyday use and trade, as well as for hoarding;

WHEREAS the economically weaker silver-using nations of the world, upon becoming members of the proposed International Monetary Fund, would in fact agree, among other things, to collaborate with the stronger nations in the establishment of a world-wide free market for gold, and in the maintenance of a stable and fair price for that metal;

WHEREAS it is just and fair that, in due correspondence, the economically stronger countries should agree to extend their cooperation to the economically weaker ones, in order that silver may also have an ample market and a relatively stable and fair international price;

WHEREAS, to comply fully with the proposed agreement, the silver-using peoples would need proportionately larger, and therefore more burdensome, monetary reserves, since besides their normally heavy investments in silver coins, they would also have to maintain a gold reserve proportionately as large as that of any gold-using nation;

WHEREAS it is not fair that the economically weaker peoples should carry the whole weight of their silver stocks, as well as the heavy losses caused by the wide fluctuations of their international value, and carry besides their proportionate share of the gold stocks;

WHEREAS it has been fully demonstrated by the farsighted policy of the United States during the past decade, that it is not only possible but equally feasible, without the slightest danger to the monetary equilibrium even of a single nation, to maintain stable the relative international prices of gold and silver, and to stabilize both prices in terms of a single currency;

WHEREAS it should be relatively easier and less costly for the United and Associated Nations to establish a fair and reasonable international price for silver than to fix one for gold, inasmuch as the present value of the visible stocks of gold is around thirty billion dollars, while that of silver is only a fifth or a sixth of that amount;

WHEREAS one of the main purposes of this Conference should evidently be, not to select gold or anything else as a metallic standard which would lead the world back into the rigidity of an arbitrary yardstick for national and international values, but rather to lay the foundations of a well-integrated world monetary system, wherein certain important currencies generally accepted in international trade, as well as gold and silver itself, can and should be used to great advantage, each to fulfill a different international function;

(p. 3) WHEREAS in the proposed agreement it is foreseen that the Monetary Fund may be forced to change the price of gold in terms of all the member countries' currencies, in order to provide additional means of international payments;

WHEREAS silver, because of its traditional monetary use by approximately half of the inhabitants of the world, can and should be used as a collateral monetary metal for meeting such increases in credit requirements of member countries;

WHEREAS in principle there can be no better grounds for pegging the price of gold in terms of the United Nations' currencies, than those for preventing the wide fluctuations of the international price of silver, in relation to the same currencies;

WHEREAS the wide fluctuations in the international value of silver besides placing a heavy risk on the shoulders of those countries least able to carry it, are the direct source of recurrent dislocation of the monetary system of silver-using countries; and

WHEREAS it is technically possible to achieve a minimum price of gold and a maximum price for silver in terms of all the currencies of member countries;

The Mexican Delegation presents for the consideration of this Conference the following tentative plan to link silver with gold for international monetary purposes:

I. That the Monetary Fund should buy and sell from and to member countries gold and silver *together and jointly*, at the fixed rate in terms of member currencies and in a ratio of, say, one ounce of pure gold to ten ounces of fine silver.

II. That member countries would agree to buy and sell from and to the Fund, and from and to one another, gold and silver *together and jointly*, at the same rate and in the same ratio as above.

III. That the Fund should have power:

a. To alter permanently, by a four-fifths majority vote, the proportions of gold and silver set forth above in I and II, only when a permanent and fundamental change in the average yearly rate of production and consumption of both metals has taken place; and

(p. 4) b. To eliminate silver entirely but temporarily from its joint purchases and sales of gold and silver, and to permit member countries to do likewise, only when and just as long as, due to an increase in the price of silver, over and above an agreed ceiling, the price of one ounce of pure gold in the basic composite unit as defined under I and II above, should be less than the agreed minimum price of thirty-five U. S. dollars per ounce.

THE MEXICAN DELEGATION submits to this Conference the following RESOLUTION:

A. That the Fund shall determine the feasibility of linking silver with gold for international monetary purposes, in accordance with the formula preinserted or any other formula;

B. That the Fund shall be authorized to carry out whatever policy it deems appropriate as regards the proper role and function of silver within the international monetary structure.

The Agenda Committee recommends that this proposal be referred to Committee 1 on the use of Silver for International Monetary Purposes.

2. Proposal on enemy assets, submitted by the Polish Delegation:

I. That the members of the United Nations Monetary Fund approach at the earliest possible time the neutral countries with a view to securing their coöperation in blocking all the assets of Axis governments and nationals located in neutral territory;

II. That the blocked assets referred to above be liquidated by an appropriate United Nations agency and the proceeds used in settling the claims of the countries which are victims of Axis aggression;

III. That the neutral countries which will collaborate in the above-mentioned measures become eligible for membership in the Fund and in the Bank.

The Agenda Committee recommends that this proposal be referred to Committee 2 on Enemy Assets, Looted Property, and Related Matters.

(p. 5) 3. Proposal on enemy assets and looted property submitted by the French Delegation:

That Commission III consider and make recommendations concerning steps to be taken to prevent the enemy from successfully secreting funds in neutral territories or in United Nations territories under assumed names.

The measures to be recommended should apply to beneficiaries of property looted by the enemy, whether such beneficiaries be enemy nationals, or their associates of whatever nationality. They should be directed in particular against Axis leaders and their collaborators in occupied countries, war criminals and associates, who might attempt, by retaining control of such funds, to perpetuate their influence, power and ability to plan future aggrandizement and domination in the post-war period.

The Agenda Committee recommends that this proposal be referred to Committee 2 on Enemy Assets, Looted Property, and Related Matters.

4. Proposal concerning the liquidation of the Bank for International Settlements, submitted by the Norwegian Delegation:

BE IT RESOLVED that the United Nations Monetary and Financial Conference recommends the liquidation of the Bank for International Settlement at Basel. It is suggested that the liquidation shall begin at the earliest possible date, and that the Governments of the United Nations now at war with Germany, appoint a Commission of Investigation, in order to examine the management and transactions of the bank during the present war.

The Agenda Committee recommends that this proposal be referred to Committee 2 on Enemy Assets, Looted Property, and Related Matters.

5. Proposal for an international agreement on maintenance of high levels of employment submitted by the Australian Delegation.

WHEREAS the raising of standards of living throughout the world must be the primary aim of economic policy and the most essential conditions for this and for the achievement of the objectives set out in Article I of the International Monetary Fund are the promotion and maintenance of high levels of employment; and

(p. 6) WHEREAS the operations of the International Monetary Fund and other forms of international economic cooperation will have the best prospects of success if member countries by domestic measures maintain high levels of employment and consumption and by so doing enable the accumulation of persistent credit (and debit) balances on international account to be avoided;

This Conference RESOLVES that Governments which are to be invited to accept an International Monetary Agreement should be invited to accept concurrently an international agreement in which the signatories will pledge themselves to their own people and to one another to maintain high levels of employment in their respective countries, and to exchange information on measures necessary to prevent the growth of unemployment and its spread to other countries.

The Agenda Committee recommends that this proposal be referred to Committee 3 on Recommendations on Economic and Financial Policy, the Exchange of Information, and Other Means of Financial Cooperation.

6. Proposal remanded to Commission III from Commission I concerning the settlement of abnormal indebtedness arising out of the war, submitted to Commission I as Alternative G by the Delegation from India:

> To promote and facilitate the settlement of abnormal indebtedness arising out of the war.

The Agenda Committee recommends that this proposal be referred to Committee 3 on Recommendations on Economic and Financial Policy, the Exchange of Information, and Other Means of Financial Cooperation.

7. Proposal concerning the use of members' gold contribution to the Fund as coverage for note issuance, submitted by the Norwegian Delegation:

> Member States whose note issue, according to their monetary legislation, bears some relation to the holdings of gold and/or gold convertible exchange of their central bank or some other institution, are advised to allow their gold contribution to the Fund to be regarded as part of the gold coverage of the note issue.
>
> Member States possessing rules limiting their note issue, are advised to regard notes held by the Fund as additional fiduciary money, which should not be included in the amount of notes bearing any required relation to prescribed legal coverage.

(p. 7) The Agenda Committee recommends that this proposal be referred to Committee 3 on Recommendations on Economic and Financial Policy, the Exchange of Information, and Other Means of Financial Cooperation.

8. Proposal concerning a political prerequisite for admission of Germany and Japan to membership of the Fund or Bank, submitted by the Norwegian Delegation:

BE IT RESOLVED that the United Nations Monetary and Financial Conference is of the opinion that neither Germany nor Japan should be admitted to membership of the United and Associated Nations Monetary Fund or Bank for Reconstruction and Development until the country in question has been admitted to the planned Political World Organization.

The Agenda Committee recommends that this proposal be referred to Committee 3 on Recommendations on Economic and Financial Policy, the Exchange of Information, and Other Means of Financial Cooperation.

9. Proposal for a conference on commercial policy submitted by the Delegation from Peru:

WHEREAS the International Monetary Fund is devised to maintain orderly exchange arrangements and to lend help to member countries by supplying their needs of foreign exchange of a temporary nature not due to fundamental disequilibrium in their international balance of payments;

WHEREAS the Fund is not meant to deal with basic economic factors which affect the rate of employment and production in the world at large;

WHEREAS the Bank will, as its name implies, act only in the fields of Reconstruction and Development;

WHEREAS the successful operation of these two institutions is dependent on the smooth development of economic phenomena free from crises of a disruptive nature; and,

WHEREAS this condition requires the relaxation of artificial trade barriers to attain greater freedom of commerce; the provision of adequate markets for staple products on which so many national economies depend; and the attainment and maintenance of a high degree of employment and production which will raise the stadards of life and conditions of labour everywhere, which must be one of the primary objects of economic policy;

RESOLVED that for the successful attainment of the objects to be pursued by the International Monetary Fund and the Bank for Reconstruction and Development a Conference of the United and Associated Nations on Commercial Policy be called to make recommendations for the achievement of greater freedom of commerce and for the orderly (p. 8) marketing of staple products; and that, in the sense of this Conference, the nations here assembled should pursue policies to promote the fuller employment of the nations' resources both of men and materials.

The Agenda Committee recommends that this proposal be referred to Committee 3 on Recommendations on Economic and Financial Policy, the Exchange of Information, and Other Means of Financial Cooperation.

10. Proposal on status of earmarked gold submitted by the Mexican Delegation:

WHEREAS the practices for earmarking gold might not coincide in all particulars in different countries;

WHEREAS earmarked gold is part of the monetary reserve of such countries and therefore should be free from all restrictions as to its use, transfer, and transportation; and

WHEREAS, in order to avoid unnecessary movements of gold and thereby reduce to a minimum the cost and risks involved, it would be convenient to adopt a common international policy with respect to such gold;

RESOLVED that the countries represented at this Conference agree to extend to earmarked gold the same treatment and immunites they may agree to give to the gold and other assets of the International Monetary Fund.

The Agenda Committee recommends that this proposal be referred to Committee 3 on Recommendations on Economic and Financial Policy, the Exchange of Information, and Other Means of Financial Cooperation.

Mr. Chairman, all of the proposals received to date by the Agenda Committee have now been placed before Commission III together with recommendations of the Agenda Committee—namely: that there be established in this Commission three "ad hoc" committees to consider these proposals and to make recommendations to the full Commission concerning action to be taken at this Conference with respect to the general subject assigned to each committee.

Respectfully yours,

(Signed) LUDWIK GROSFELD (Poland)
LUDWIK GROSFELD, *Chairman*

(Signed) J. W. BEYEN (Netherlands)
J. W. BEYEN

(Signed) FERNANDO MARDONES (Chile)
FERNANDO MARDONES

(Signed) HUGO GARCIA (Uruguay)
HUGO GARCIA

(Signed) GEORGE BLOWERS (Ethiopia)
GEORGE BLOWERS

To the Honorable Eduardo Suarez
Chairman of Commission III

Document 236

(p. 39a) SA/1/43

Alternative B

(Suggested as an alternative to Alternative A, Section 3, Paragraph (c) of Article IX, Page 39)

(c) Exchange transactions in the territory of one member involving the currency of any other member, which evade or avoid the exchange regulations prescribed by that other member and authorized by this Agreement, shall be an offense in the territories of all members.

7/9/44 J.S. Art. IX Section 2

Document 237

(p. 26-G) SA/1/44

Alternative G

(The following material is suggested as an addition to *Combined Alternatives A and B for Joint Statement VII, 1, 2, and 3 and Additional Material on p. 27 of Document SA/1.)*

(a) Add to Section 2:

Directors shall continue in office until their successors are appointed or elected.

(b) Add as a new section after Section 3:

4. If the office of an elective 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.

(Renumber subsequent sections.)

7/9/44 J.S. Art. VII Sections 1, 2 & 3

Document 238

CI/1/RP2

Report of the Reporting Delegate of Committee 1 of Commission I on the Purposes, Policies, and Quotas of the Fund

(July 9, 1944)

MR. CHAIRMAN:

Since I had the honor to present to your Commission my first report on July 5th, your Committee I on Purposes, Policies, and Quotas of the Fund held three meetings, on July 5th at 4:00 p.m.; on July 6th at 10:00 a.m.; and on July 8th at 9:30 a.m.

I consider it advisable, for the convenience of the members of this Commission, to report on the progress of the Committee's work by following the order of the Committee's assignments as stated in Document No. 51, and by referring to the Articles and sections of Document SA/1.

At the end of this report I shall submit to the Commission the actual text of the provisions recommended by Committee 1 to your commission for acceptance, and a summary record of the disposition thus far made by the Committee of other matters submitted to it.

Article I, Alternative A

SECTION 1 (p. 1a)

The purpose of section 1 of Alternative A was to substitute for the words of Section 1 of Article I of the Joint Statement "through a permanent *institution* which provides . . .", the words "by providing permanent machinery . . .".

The Committee has shown a preference for the original wording of the Joint Statement although it recognizes that the *institution* mentioned in the Joint Statement may be the Fund itself, and that the Fund would provide permanent machinery for consultations on international monetary problems.

SECTION 2 (p. 1a)

As I have reported on page 2 of my first report to your Commission, an Alternative C, Section 2 of Article I, (page 1c) presented by the Indian Delegation raised a question of principle regarding the purposes of the Fund.

The question was referred to the Drafting Committee, which was also asked to examine three other alternatives to the same Section 2 of Article I presented by the Colombian, French, and New Zealand Delegations.

After considerable discussion on all issues involved in these alternatives, both in the Drafting Committee and in Committee 1, the full Committee accepted a proposal by the Drafting Committee

7/9/44

to (p. 2) add to Section 2 of Article I of Alternative A, page 1a, after the words "of high levels of employment," the words *"and to the development of the sources of productive power in all member countries . . ."*, and to delete the words "and real income". The Committee was guided in its decision by the general principle that the declaration of the purposes and policies of the Fund must be in agreement with the real objectives and powers of the Fund as stated in the provisions contained in its constitutional document and with the means put at its disposal.

The Committee thought that the direct purpose which the Fund can and must pursue by using the powers and means at its disposal is to facilitate the expansion and balanced growth of international trade and that the promotion of high levels of employment and the development of the productive resources of the country may be and, it is hoped that it will be, an indirect result of the activities of the Fund.

The Committee reached this decision because it felt obligated to limit its considerations to the one particular plan of post-war collaboration of the United and Associated Nations which is now under discussion, namely, the Fund.

In view of the fact, however, that the united effort of our countries will not be limited to the constitution of the Fund alone, and that another very important plan of economic collaboration, that of the Bank for Reconstruction and Development, is under discussion, the Committee considers it necessary that a general preamble to the final document of the Conference be prepared in which all basic economic objectives of the work of the Conference regarding both the Fund and the Bank are clearly stated.

The Indian Delegation, which presented Alternative C, and other delegations, declared that while they considered the amendment of Section 2 of Article I, as proposed above by the Committee, an improvement, they reserved the right to raise the question later if their point of view did not find adequate expression in the general preamble mentioned above.

SECTION 3 (p. 1a)

Some doubts had been expressed by members of the Committee with regard to the exact meaning of the words "thus giving them time" which appear in Alternative A as well as in the Joint Statement. In order to disperse such doubts, the Committee, at the proposal of the Drafting Committee, decided to propose the substitution of these words by the following: "thus providing them with opportunity . . .".

SECTION 4. (p. 1a)

As I had the opportunity to explain in my first report, the Committee examined Alternatives B, D, and E, relating to Section 4 of Article I. These alternatives are to be found on pages 1b and 1c of Document SA/1.

7/9/44

(p. 3) It has been already reported that the Committee thought that the alternatives mentioned above were closely connected with Article IV of the Joint Statement, the examination of which has been assigned to Committee 2 of your Commission. Committee 1 accordingly decided to refer the subject to the Drafting Committee on the understanding that it would not make its report until the provisions of Article IV have been agreed upon.

The Drafting Committee and the full Committee are now in a position to take up this subject since they have the text of Alternative A of Article IV (pages 17a and 17aa of Document SA/1) which has been discussed in Committee 2 of your Commission.

SECTION 5 (p. 1a)

Section 5 of Alternative A of Article I has been adopted without any change.

SECTION 6 (p. 1a)

The Committee has examined the report of the Drafting Committee on Alternatives A and B of this section (pages 1a and 1b of Document SA/1) and has accepted the proposal of the Drafting Committee to add at the beginning of Section 6 of Alternative A the following words: "In accordance with the above objectives . . .".

The Committee has also accepted the recommendation of the Drafting Committee to include at the end of Article I the words "The Fund shall be guided in all its decisions by the purposes set forth above," which are at the end of Alternative A of Article I, page 1a.

The Committee has also examined a new Alternative H (page 1d of Document SA/1) which is similar to Alternative G (page 1c) which the Committee had already discussed and which it has already reported to your Commission. During the discussion of this new alternative, members of the Committee expressed their views about the advisability of including in the Agreement a clause referring to the balances accumulated during the war, along the same lines as that already reported to your Commission (page 3 of my first report).

Following the same procedure as that adopted with reference to Alternative G, the Committee agreed to refer Alternative H to your Commission.

The only section, therefore, of Article I of the plan which is still in the Drafting Committee is Section 4, mentioned above.

The Committee then proceeded to the examination of the sections of Article II, assigned to it.

Article II, Alternative A, Section 1 (p. a)

Countries Eligible for Membership

Upon the advice of the Drafting Committee, the Committee has decided to recommend the acceptance of Section 1 of Alternative A, Article II.

7/9/44

(p. 4) In view, however, of the fact that some members expressed doubts about the legal accuracy of the wording, the Committee, following the advice of the Drafting Committee recommends that the first paragraph of this section should begin with the words, "At the outset," and that the second paragraph should begin with the word "Subsequently".

The precise wording of this section, as of all other sections adopted by the Committee, is given in an appendix attached to this report.

SECTION 2 (p. a).

Quotas.

This section has not been discussed by the Committee because the document referred to on page 1 of the first report to the Commission was not yet available.

SECTION 3 (p. 2)

Time and Place of Payment.

The Committee has accepted the opinion of the Drafting Committee that the language in this clause was not susceptible of misinterpretation as some members suggested and that it was, therefore, satisfactory. The Committee recommends, therefore, the adoption of this section without amendment.

In this connection, the Committee discussed Alternative B, (page 2a), which is proposed as an addition to Section 3 of Alternative A. The proposer of this amendment explained to the Committee that in some of the countries occupied by the enemy the currency system has been completely disorganized and that special arrangements will have to be made by the Fund in the case of such countries with regard to the initial payment of their quotas.

It was, therefore, proposed that the Fund should be free to provide for such special arrangements if, in its own discretion, it considers them necessary, and provided that the Fund does not suffer any loss as a result of such arrangements.

The discussion of this specific proposal led to the discussion of the general question of how far a number of provisions in the agreement should apply to liberated countries, and the Committee agreed to recommend to your Commission the appointment of an ad hoc Committee to consider these problems.

In accordance with the procedure determined by the Steering Committee, the Chairman of Committee I, who has been empowered to appoint such ad hoc committees as may be necessary, has appointed an ad hoc committee to consider the problems of liberated countries. This committee, so appointed, has already started the examination of the subject.

7/9/44

(p. 5)

Alternative A, Article II, Section 4 (p. 3)

Adjustment of Quotas

This section was referred to the Drafting Committee, which has proposed the substitution of the word "shall" for the word "may"; the addition after the words "of five years" of the words "review and, if it deems it appropriate, propose an adjustment of"; and the deletion of the word "adjust".

The full Committee accepted these proposals. The new wording of this section, as proposed, is given at the end of this report.

SECTION 5 (p. 4)

Initial Payments.

The Drafting Committee has recommended and the full Committee has agreed to adopt Section 5 with a slight alteration in wording designed to prevent any possible misconstruction. Consequently, it is proposed that the beginning of Section 5 should read as follows: "Each member shall pay in gold *as a minimum* either (a) twenty-five percent of its quota, or (b) ten percent of its official holdings of gold and gold convertible exchange, whichever is the smaller, on ——————."

After the addition of the words *as a minimum,* it becomes clear that any member is entitled to pay a higher percentage of its quota in gold if it so wishes.

SECTION 6 (p. 4)

Payments when quotas are changed.

The Committee has decided to recommend the adoption of paragraphs (a) and (b) of this section without alteration.

The Committee has discussed Alternatives B and C (page 4a) which are proposed as additions to Alternative A, Section 6 (page 6). As both alterations refer to liberated countries, the Committee decided to charge the ad hoc committee, mentioned above, with their examination.

In addition to Articles I and II which have been already dealt with in this report, Article IX, Sections 1, 2, 3, and 4 have been assigned to your Committee I.

The Committee had discussed the subjects with which these sections deal and has referred the greater part of them to the Drafting Committee.

The present stage of the Committee's work with regard to this Article may be reported as follows:

Article IX—Obligations of Member Countries

Alternative A, SECTION 1—*Purposes and Scope of Additional Undertakings.* (p. 38)

The wording of this section is to be inserted later. Consequently, consideration has been deferred.

7/9/44

(p. 6)

SECTION 2—*Gold Purchases Based on Parity Prices* (p. 38).

In discussing this section, the Committee felt that the words "from or to the monetary authorities of another member," might convey the impression that member countries were free to buy or sell gold from or to other sources at any price. It was agreed that this was not the intention of the proposers of Alternative A, Section 2. The Committee, therefore, decided to refer this section to the Drafting Committee. After the Drafting Committee had presented its first report, it became evident that this subject was closely connected with subjects relating to the operation of the Fund, which have been assigned to Committee 2 of Commission I. The Committee thought, therefore, that it would be advisable to send this section back to the Drafting Committee with instructions to consult with Committee 2 and report on the matter.

The same decision has been taken for the same reasons with regard to Alternative A, Section 3—Foreign Exchange Dealings Based on Par Values, Paragraph (a), page 39. This paragraph (a) is, therefore, still in the Drafting Committee.

SECTION 3, Paragraph (b), Alternative A (p. 39).

The Committee agreed in principle with this paragraph (b), but decided to refer it to the Drafting Committee for reconsideration. Some information regarding the recommendation on this paragraph which the Drafting Committee will make, is given at the end of this report.

SECTION 3, Paragraph (c), Alternative C (p. 39).

It has been suggested that the last line in this paragraph reading: "not be enforceable in the territory of any member", be substituted by the following: "be an offense in the territory of any member." This proposal has been referred to the Drafting Committee.

SECTION 4—*Exchange Controls on Current Payments* (p. 40).

During the discussions of this section, it has been recognized that a distinction must be made between exchange control and exchange restrictions. However, as the discussion developed some uncertainty as to the character of restrictions which member countries obligate themselves to eliminate under this section, the Committee decided to request Commission I to clarify the matter and to postpone further consideration of it until Committee 2 had also discussed the question.

The full text of provisions recommended by Committee I is attached to this report as an appendix.

K. VARVARESSOS
Reporting Delegate

7/9/44

APPENDIX

I

TEXT OF PROVISIONS RECOMMENDED BY COMMITTEE 1

(*July* 9, 1944)

Article I. *Purposes and Policies of the Fund*

The purposes of the International Monetary Fund are:

1. To promote international monetary cooperation through a permanent institution which provides the machinery for consultation on international monetary problems.

2. 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 to the development of the sources of productive power in all member countries as primary objectives of economic policy. (Subject to revision.)

3. To give confidence to member countries 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.

4. Still in the Drafting Committee.

5. 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.

6. In accordance with the above objectives, to shorten the periods and lessen the degree of disequilibrium in the international balances of payments of member countries.

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

Article II. ***Subscription to the Fund***

SECTION 1. *Countries Eligible for Membership*

At the outset the members of the Fund shall be those of the countries represented at the United Nations Monetary and Financial Conference whose governments accept membership in the Fund.

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

SECTION 2. *Quotas*

Not yet taken up by the Committee.

7/9/44

(p. 2)

SECTION 3. *Time and Place of Payment*

Each member shall provide the Fund at the appropriate depository with the full amount of its quota on or before the date fixed for exchange transactions in its currency to begin. Any member whose quota is increased shall provide the full amount of the increase within thirty days of the date on which the member approves the increase in its quota.

SECTION 4. *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 vote shall be required for any change in quotas and no quota shall be changed without the consent of the member concerned.

SECTION 5. *Initial Payments.*

Each member shall pay in gold as a minimum either (a) twenty-five percent of its quota, or (b) ten percent of its official holdings of gold and gold convertible exchange,[1] whichever is smaller, on ————. In the case of any member occupied by the enemy whose holdings are not ascertainable as of————, the Fund shall fix an appropriate alternative date. The data necessary to determine official holdings of gold and gold convertible exchange shall be furnished by the members as provided in this Agreement. Each member shall pay the balance of its quota in its own currency.

SECTION 6. *Payments When Quotas are Changed*

(a) Each member whose quota is increased shall pay twenty-five percent of the increase in gold. Each member shall pay the balance of any increase in its own currency. If, however, on the date the member approves an increase, its holdings of gold and gold-convertible exchange are less than its new quota, the Fund may reduce the portion of the increase to be paid in gold.

(b) Each member whose quota is reduced shall receive from the Fund within thirty days of the reduction an amount in its own currency or gold equal to the reduction. In making this payment, the Fund shall pay to such member only the amount of gold necessary to prevent reducing the holdings of the Fund of that currency below seventy-five percent of such new quota of the member.

7/9/44

(p. 3)

Article IX. *Obligations of Member Countries*

SECTION 1. *Purpose and Scope of Additional Undertakings*

Consideration deferred.

SECTION 2. *Gold Purchases Based on Parity Prices*

In Drafting Committee.

SECTION 3. *Foreign Exchange Dealings Based on Par Values*

(a) In Drafting Committee.

(b) Each member undertakes, through appropriate measures authorized under this agreement, not to permit within its jurisdiction an appreciation or depreciation of the exchange value of its own currency in terms of gold beyond the range prescribed under (a) above. In particular, a member whose monetary authorities in fact freely buy and sell gold or gold convertible ex-

[1]The phrase "gold and gold convertible exchange" is subject to definition and to such change in terminology as may be agreed upon.

749013—48—23

change within the prescribed range, to settle international transactions, shall be deemed to be fulfilling this undertaking . . .*

(c) The Drafting Committee will report to the full Committee at its next meeting that this paragraph contains matters of legal substance and is, therefore, not within the competence of a drafting committee.

SECTION 4. *Exchange Controls on Current Payments*

Referred to Commission I.

II

DISPOSITION BY COMMITTEE 1 OF ADDITIONAL PROVISIONS SUBMITTED FOR INCLUSION IN THE ARTICLES ASSIGNED TO IT

Article I. *Purposes of the Fund*

Alternative F

Correlation of international exchange policy and international investment policy.

Consideration deferred.

7/9/44

(p. 4)

Alternatives G and H

Liquidation of wartime indebtedness.

Referred to Commission I.

Alternatives I and J

Alternative wording of Section 2 of Article I rejected by Drafting Committee in favor of recommended text given above.

Alternative K

Facilitation of multilateral clearing.

Not reached by Committee prior to adjournment on July 8, 1944.

Article II. *Subscription to the Fund*

Alternative B—Page 2a

Special arrangements for time and place of payment of quotas by occupied countries.

Referred to ad hoc committee of Commission I.

Alternatives B and C—Page 4a

Initial subscription payable in gold by countries suffering damage by enemy occupation.

Referred to ad hoc committee of Commission I.

---

* This language will be recommended by the Drafting Committee to Committee 1 at its next meeting, but has not been passed upon by the full Committee.

Alternative C—Page 2b, and *Alternative D*—Page 4b

Inclusion of silver in quota subscriptions.

Not reached by the Committee prior to adjournment July 8.

Article IX. *Obligation of Member Countries*

SECTION 8, *Alternative A*

Cooperation of members in enforcing permissible exchange restrictions.

Not reached by the Committee at the time of adjournment, July 8.

7/9/44

Document 239

CI/3/RP2

Submitted to Commission I

Report of Committee 3 on Organization and Management of the Fund

Committee 3 held altogether six regular meetings. The working assignment of the Committee was somewhat changed and this report takes into account these changes. The Committee established several sub-committees. One *ad hoc* Committee of Commission I discussed on July 8th problems connected with the election of the Executive Directors.

The following scheme may introduce this report by presenting the skeleton of the fundamental organization of the Fund as ensuing from the provisions of the Draft agreed upon in Committee 3 up to now.

Board of Governors:

Jurisdiction: All powers except those assigned by the Constitution to other agencies or expressly delegated to the Executive Directors.

Members and Alternates: Appointed by the government of each member country; serve subject to the pleasure of their respective governments.

Meetings: At least annually and in addition if provided for by the Board or convened by the Executive Directors. They should also be convened whenever requested by members having one quarter of the aggregate votes or by five member countries.

Voting: If not otherwise provided for by a majority of the aggregate votes cast. Specific forms of voting (by telephone, cable, etc.) may be arranged if provided for by the regulations of the Board.

Quorum: Half of the member countries representing not less than two-thirds of the total voting power.

Chairman of the Board of Governors:

Jurisdiction: Not specifically indicated in the Constitution.

Selection: Selected by the Board of Governors for a period determined by this Board. Eligible are either members of the Board of Governors or the Managing Director.

7/9/44

(p. 2)

Executive Directors:

Jurisdiction: Expressly delegated by the Board of Governors within the limits contained in the Constitution and functions directly assigned by the Constitution. Responsible for the conduct of the general operations of the Fund.

Selection of Members: (x) shall be appointed by the (x) members having the largest quotas. (x) shall be elected biennially in accordance with separate provisions. Executive Directors need not be Governors.

Alternates: May participate in meetings, but shall not vote if regular member present.

Meetings: Executive Directors are in continuous session at the principal office.

Voting: If not otherwise provided for, majority of the aggregate votes cast. Each Executive Director casts the number of votes which actually counted towards his appointment or election.

Quorum: Majority of the Directors representing not less than one-half of the voting power of all Directors.

Managing Director (Automatically Chairman of the Executive Directors):

Jurisdiction: Chief of the operating staff. Conducts business under the direction of the Executive Directors. Responsible for internal organization. Has no vote except a deciding vote in case of an equal division.

Selection: Selected by the Executive Directors. Shall not be Governor or Executive Director. Serves according to contract; however, shall cease to hold office when the Executive Directors so decide.

Special Committees:

May be established by the Board of Governors or by the Executive Directors. Members need not be limited to Governors or Executive Directors.

Staff:

Appointed and dismissed by Managing Director. Must not be influenced by any member in the discharge of duties. In appointing staff due regard has to be paid to selecting personnel on as wide a geographical basis as is possible.

7/9/44

(p. 3) This report follows the text of the Draft and of other documents duly distributed.

Board of Governors.—Joint Statement VII, 1 (pages 24 and 24a of the Draft).

The committee jointly considered Alternatives A and B. By unanimous consent the text of Alternative A was accepted with the following modifications:

Section 1 (a): In the introductory sentence the passage "The administration of the Fund shall be vested. . . ." is to be replaced by "All powers of the Fund shall be vested..." Furthermore, the last sentence of this paragraph shall read: The Board shall select a Chairman from its members. The Managing Director, however, may be eligible to this office as well.

(b): To the 7 items enumerated, indicating the subject matters which cannot be delegated, an 8th item is to be added, namely: (8) Decisions concerning the distribution of the net income of the Fund.

(c): The second sentence of this paragraph has to be changed to read: "Meetings of the Board shall be convened by the Executive Directors whenever requested by members having one quarter of the aggregate votes or by five member countries."

Executive Directors—Joint Statement VII, 1, 2 and 3.

The final consideration of the Committee was based on a Document, without number, entitled "Final Alternative Submitted by the Special Subcommittee Appointed to Consider All Proposals Relative to the Executive Directors". This Document is the result of the work of a Subcommittee appointed to discuss all matters concerning the Executive Directors, the Managing Director and the Staff. Committee 3 expressed consent to the text of this Document with the exception of the following provisions:

2. Formation of the Executive Directors.

There was general agreement that a certain number of member countries with the largest quotas should appoint Executive Directors and their Alternates. The other Executive Directors are to be selected by the rest of the member countries, according to a specific procedure to be discussed. Such a specific procedure is included in Schedule B of Document 152 (pages 26b and 26c of the Draft). Two Alternatives were presented to modify the procedure as suggested in Schedule B. One of them (Alternative D) is contained in Document No. 179 (page 26e of the Draft). The other (Alternative E) is contained in Document 214 (page 26f of the Draft). However, the Committee did not take action on paragraph 2 of the "Final Alternative", because several members expressed doubts whether a fruitful discussion could take place before the quota participation of the member countries is known. It should be noted that the Chairman of Commission I on July 8th established an Ad Hoc Committee of this Commission to discuss controversial points pertaining to the election of the Executive Directors.

7/9/44

(p. 4) 3. Alternate Directors.

The "Final Alternative" provides that every Executive Director may appoint an Alternate. An Alternative was presented to this provision which is contained as Alternative C in Document 178 (page 26d of the Draft). According to this Alternative C the Alternates for every Executive Director shall be elected. Alternative C formulates expressly (what is implied in the Final Alternative) that an Executive Director and his Alternate need not belong to the same country. Because no agreement could be reached on the point whether Alternates of elected Executive Directors should be elected as well, or whether they should be appointed by the respective Executive Director, *the Committee submits this item to Commission I for decision.*

8. Managing Director.

The Committee consented unanimously to the provisions included in the "Final Alternative". Thus Section 4 of Article VII (pages 27 and 27a of the Draft) need not be considered.

Election of the Executive Directors.

The Committee did not take action on Schedule B of the combined Alternatives contained in Document 152 on the balloting for the elective Executive Directors (pages 26b and 26c of the Draft) because this election procedure is substantially connected with the other problems related to the Executive Directors on which action was deferred.

Voting—Joint Statement VII, 2, 3 (pages 26 and 26a of the Draft)

Committee 3 considered voting only with reference to the Board of Governors, because voting by the Executive Directors is regulated in the pertinent section on Executive Directors. The discussion was based on Alternatives A and B, contained in the Draft.

The first paragraph of Alternative A was accepted in principle. Thus unless otherwise provided for each Governor should have a uniform and rigid number of votes in addition to his votes directly related to his quota participation. The Committee deferred action on the number of additional uniform votes.

The second paragraph of Alternative A contains specific provisions on votes required under Article III. It should be noted that the member, who presented Alternative A, interpreted this proposal by restricting the respective decisions under Article III, to two items: (a) to the decision of the Fund of suspending a member from making further use of the Fund's resources on the ground that it is using them in a manner contrary to the purposes and policies of the Fund (III, 2d of the Joint Statement) and (b) to the decisions of the Fund in exercising its discretion in determining whether and on what terms it shall waive the conditions mentioned under III, 2a to d of the Joint Statement.

The Committee expressed its desire that paragraph 2 should be more clearly drafted if adopted for the Final Draft.

7/9/44

(p. 5) However, as to the merit of this paragraph three opinions were advanced: one approving it, as contained in Alternative A; the other modifying it by replacing the unit of two hundred thousand United States dollars by two million United States dollars and the third outrightly opposing this deviation from the normal voting procedure. *These three Alternatives are hereby submitted to Commission I for decision.*

Paragraph 3, containing the provision that unless otherwise provided for, all matters in the Board of Governors shall be decided by a majority of the aggregate votes cast, was accepted.

The Committee included in this Section from Alternative B the modified provision according to which a quorum of the Board of Governors should consist of not less than two-thirds of the voting power provided it being exercised by at least one half of all Governors.

Publication of Reports—Joint Statement VII, 4 (pages 28 of the Draft)

The Committee considered and accepted Alternative A as contained in Section 5 of the Draft. It should be noted that one of the members called attention to the fact that if in the first years following the war specified statements concerning the Fund's holdings of currencies of members would be published this might violate the interest of member countries. No objection was made that such specified data on currency holdings be confidentially communicated to member countries.

Depositories—Joint Statement—No Provision (pages 29, 29a and 29b of the Draft)

The Committee discussed the three Alternatives (A, B and D). Alternative C was dropped by unanimous consent.

Paragraph (a) of Alternative A was accepted. However, no agreement was reached on paragraph (b) about the selection of depositories where the Fund may hold assets other than local currency. It was agreed upon to refer the decision on this point to Commission I. One of the members found Alternative A acceptable with the modification that not four members having the largest quotas may be designated as depositories but five or more members. *Thus four Alternatives go to Commission I, for decision.* It should be noted that the first two sentences of Alternative B in reality compose an Amendment and not an Alternative, thus that they may be attached to either of the Alternatives.

Form of Holdings of Currency—Joint Statement—No Provision (p. 29 of the Draft)

Section 7 as contained in Alternative A has been accepted.

Distribution of Net Income—Joint Statement—No Provision (pages 32 and 32a of the Draft)

Alternative A as contained in the Draft (Additional Section—

7/9/44

10—to Article VII) has been accepted with the (p. 6) modification that decisions pertaining to the distribution of the net income have to be taken by the Board of Governors and that this power cannot be delegated to the Executive Directors. (On page 32a the first line "Alternative B continued" should read "Alternative A continued").

Miscellaneous Powers—Joint Statement—No Provision (page 33 of the Draft).

Items 4 and 5 of this Article which was intended to be included as Section 11 in Article VII of the Draft, were accepted as contained in the Draft. The Committee assumed that the rules and regulations mentioned in item 5 may relate both to member countries and to agencies of the Fund.

Items 1 to 3 were assigned to Committee 4 of Commission I for consideration.

Settlement of Accounts with Governments Ceasing to be Members—Joint Statement—VIII, 2 and 3 (pages 36, 36a, 36b and 36c of the Draft).

Alternatives A and B were presented as Section 3 of Article VIII of the Draft to the Committee. They are contained in Documents 124 and 180. The Committee referred this matter to a Subcommittee. The Subcommittee did not reach an agreement concerning Alternatives A and B and its report will be submitted to the Committee as a separate document. It was not available at the time of the writing of this paper.

Liquidation of the Fund—Joint Statement—No Provision (pages 37, 37a, 37b and 37c of the Draft)

Alternatives A and C as contained in Documents 211 and 220 were presented to the Committee. The same Subcommittee, which is in charge of the Article on Settlement of Accounts With Governments Ceasing to be Members will report on this matter to the Committee. This report is not yet available.

Furnishing Information—Joint Statement—No Provision (pages 14c and 14d of the Draft)

Section 11 of Article III was considered by the Committee according to Alternative C (Document 182) and Alternative D (Document 203, page 14e of the Draft). The report of the Special Committee on Furnishing Information of the Pre-Conference Agenda Committee, June 28, 1944 (Document 129) was duly distributed. No agreement was reached on this point because the member country introducing Alternative D sharply opposed the extent of the minimum information as enumerated under items 1 to 12 in Alternative C. *Committee 3 is hereby referring this item for decision to Commission I.*

The prevailing part of the assignment was disposed of by Committee 3. The Ad Hoc Committee of Commission I on the Election of the Executive Committee will proceed in its discussion.

ERVIN HEXNER,
Reporting Delegate

7/9/44

Document 240 (202)

CI/3 (CI/2)

COMMISSION I: STATUS OF COMMITTEE ASSIGNMENTS

As of 6:00 *p.m., July* 9, 1944

Committee 1—*Purposes, Policies, and Quotas of the Fund*

Article and Section	Language Accepted	Referred to Drafting or Other Sub-Committee	Referred to Commission I Without Decision	No Action or Decision Deferred
Article I—Purposes and Policies of the Fund				
Sec. 1	Joint Statement			
Sec. 2	Drafting Committee's revision			
Sec. 3	Drafting Committee's revision			
Sec. 4		xx		
Sec. 5	Alt. A			
Sec. 6	Drafting Committee's revision			
Additional paragraph (Alt. A, p. la)	Alt. A			
Alt. F,				xx
Alts. G, H			xx	
Alt. K				xx
Article II—Subscription to the Fund				
Sec. 1—Countries Eligible for Membership	Drafting Committee's revision			
Sec. 2—Quotas				xx*

Article and Section	Language Accepted	Referred to Drafting or Other Sub-Committee	Referred to Commission I Without Decision	No Action or Decision Deferred
Sec. 3—Time and Place of Payment	Alt. A			
Alt. B (p. 2a) and Alt. B & C (p. 4a)			xx	
Alt. C (p. 2b) and D (p. 4b)				xx
7/9/44				
(p. 2)				
Sec. 4—Adjustment of Quotas	Drafting Committee's Revision as amended			
Sec. 5—Initial Payments	Drafting Committee's Revision			
Sec. 6—Payments when Quotas are Changed	Alt. A			
Article IX—Obligations of Member Countries				
Sec. 1—Purpose and scope of additional undertaking				xx*
Sec. 2—Gold purchases based on parity prices		xx		
Sec. 3—Foreign Exchange dealings based on par values		xx		
Sec. 4—Exchange controls on Current Payments			xx	
Sec. 8				xx
7/9/44				

(p. 3)

Committee 2—*Operations of the Fund*

Article and Section	Language Accepted	Referred to Drafting or Other Sub-Committee	Referred to Commission I Without Decision	No Action or Decision Deferred
Article III—Transactions with the Fund				
Sec. 1—Agencies Dealing with the Fund	Alt. A as amended			
Sec. 2—Conditions upon which any Member May Purchase Currencies of Other Members				
par (1)	Alt. A			
par. (2)	Alt. A			
par. (3)		xx		
par. (4)	Alt. A			
Final Sentence	Alt. A			
Sec. 2(a)—Conditions Governing Purchases for Capital Transfers	Alt. A			
Sec. 3—Declaring Members Ineligible to Use Resources of the Fund	Alt. A			
Alt. E (p.6d)				xx
Sec. 4—Limitations on Operations of Fund	Alt. A			
Sec. 5—Operations for Purpose of Preventing Currencies Becoming Scarce				
par. (1)	Drafting Committee's revision			
par. (2)	Alt. A as amended			

(p. 4)

Article and Section	Language Accepted	Referred to Drafting or Other Sub-Committee	Referred to Commission I Without Decision	No Action or Decision Deferred
Sec. 6—Multilateral International Clearing				xx
Sec. 7—Acquisition by Members of Currencies of Other Members for Gold	Alt. A			
Sec. 8—Other Acquisitions of Gold by the Fund				xx*
Sec. 9—Transferability and Guarantee of Assets of the Fund				
Par. (a)	Alt. A			
Par. (b)				xx
Par. (c)	Alt. A			
Sec. 10—Charges and Commissions				xx*
Sec. 12—Consideration of Representations of the Fund		xx		
Article IV—Par Values of Member Currencies				
Sec. 1—Par Values of the Currencies of Members	Alt. A			
Sec. 2				xx
Sec. 3				xx
Sec. 4				xx
Sec. 5—Uniform Changes in Par Value			xx	
Sec. 6—Protection of the Assets of the Fund	Revised Alt. A			
Sec. 7—Separate currencies within a Member's Jurisdiction	Alt. A			

7/9/44

(p. 5)

Article and Section	Language Accepted	Referred to Drafting or Other Sub-Committee	Referred to Commission I Without Decision	No Action or Decision Deferred
Article V—Capital Transactions				
Sec. 1—Use of Resources of the Fund for Transfers of Capital	Alt. A, as amended			
Sec. 2—Limitations on Controls of Capital Movements	Alt. A, as amended			
Article VI—Apportionment of Scarce Currencies				
Sec. 1—General Scarcity	Substitute Alt. A			
Sec. 2—Scarcity of the Fund's holding	Substitute Alt. A			
Sec. 3—Administration of Restrictions on Scarce Currencies	Substitute Alt. A			
Sec. 4—Effect of Other International Agreements on Restrictions on Scarce Currencies	Substitute Alt. A			
Article X—Transitional Arrangements				
Sec. 1—Exchange restrictions and currency arrangements and practicesre-tained				xx*
Sec. 2—Withdrawal of exchange restrictions				xx*
Sec. 3—Policy of the Fund during the transition period				xx*
Sec. 4				xx*

Article and Section	Language Accepted	Referred to Drafting or Other Sub-Committee	Referred to Commission I Without Decision	No Action or Decision Deferred
Article XIII—Final Provisions				
Sec. 5—Fixing initial par values				xx*

(p. 6)

Committee 3—*Organization and Management of the Fund*

Article and Section	Language Accepted	Referred to Drafting or Other Sub-Committee	Referred to Commission I Without Decision	No Action or Decision Deferred
Article III—Transactions with the Fund				
Sec. 11—Furnishing Information			Alts. C and D	
Article VII—Management of the Fund				
Sec. 1—Board of Governors	Combination of Alt. A & Alt. B, as amended			
Sec. 2—Executive Directors	Drafting Committee's Revision (in part)		In part	
Sec. 3—Voting	Drafting Committee's Revision			
Sec. 4—The General Manager	Drafting Committee's Revision			
Sec. 5—Publication of Reports	Alt. A			
Sec. 6—Depositories par. (a)	Alt. A			

Article and Section	Language Accepted	Referred to Drafting or Other Sub-Committee	Referred to Commission I Without Decision	No Action or Decision Deferred
par. (b)			Alts. A, B, & D referred to Commission I	
Sec. 7—Form and Holdings of Currency	Alt. A			
Sec. 9—Location of Office				xx
Sec. 10—Distribution of Net Income of the Fund	Alt. A, amended			
Sec. 11—Miscellaneous Powers				
item (4)	Alt. B			
item (5)	Alt. B			
(p. 7)				
Article VIII—Withdrawal from the Fund				
Sec. 2—Suspension of Membership or Compulsory Withdrawal				xx*
Sec. 3—Settlement of accounts with countries ceasing to be members		xx		
Sec. 4—Liquidation of Fund		xx		

Committee 4—*Form and Status of the Fund*

Article and Section	Language Accepted	Referred to Drafting or Other Sub-Committee	Referred to Commission I Without Decision	No Action or Decision Deferred
Article VII—Management of the Fund				

Article and Section	Language Accepted	Referred to Drafting or Other Sub-Committee	Referred to Commission I Without Decision	No Action or Decision Deferred
Sec. 8 — Relationship to other international organizations	Alt. A			
Sec. 11—Miscellaneous powers. Introduction and items (1), (2), and (3).	Alt. B			
Article VIII—Withdrawal from the Fund				
Sec. 1—Right of Members to Withdraw	Alt. A			
Article IX—Obligations of Member Countries				
Sec. 5—Immunity of Assets of the Fund	Alt. A			
Sec. 6—Immunity from Suit	Included in new Sec. 5			
Sec. 7—Restrictions on taxation of Fund, its employees and obligations	Alt. B			
(p. 8)				
Article XI—Amendments	Alt. C as amended			
Article XII—Interpretation of the Agreement				
Sec. 1—Interpretation	Alt. C			
Sec. 2—Definitions				xx*
Sec. 3—Effect on Other International Commitments	Alt. A			
Article XIII—Final Provisions				

Article and Section	Language Accepted	Referred to Drafting or Other Sub-Committee	Referred to Commission I Without Decision	No Action or Decision Deferred
Sec. 1—Entry Into Effect				xx*
Sec. 2—Effective Date of Agreement				xx*
Sec. 3—Calling the Initial Meeting of the Fund				xx*
Sec. 4—Agenda of Initial Meeting				xx*
Article XIV—Execution of the Agreement				xx*

*—Indicates that material not yet available to Committees.

Document 241

(p. 37bb) SA/1/45

Alternative B

Article VIII, Section 4. *Liquidation of the Fund*

Substitute for (d) of Section 4 of Alternative A:

"The assets of the Fund available after the discharge of the above liabilities shall be distributed in such manner as the Board of Governors shall decide to be most equitable in the circumstances then existing."

7/9/44

J.S. Art. VIII
Additional Section

Document 242

(p. 36d) SA/1/46

Alternative C to Article VIII, Section 3

Section 3. *Settlement of Accounts with Governments Ceasing to be Members.*

(a) When a government ceases to be a member in any of the cases referred to in sections———above, settlement of all accounts between the Fund and such government shall be made with reasonable dispatch by agreement between the Fund and the government. Failing such agreement, settlement shall be made in accordance with the provisions of (c), (d) and (e). The Fund shall not engage in any transactions in the currency of such country except in accordance with this Section.

(b) The Fund shall be obligated to pay to such government an amount equal to its quota, plus any other amounts due to it from the Fund, less any amounts due to the Fund from such government, including charges accruing after the government ceases to be a member; but no payment shall be made prior to six months from the date when such government ceases to be a member. Payments shall be made in the currency of that country.

(c) 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 a manner to be agreed between the Fund and the withdrawing member. If the Fund and the withdrawing member have not reached agreement within six months from the date of withdrawal, the currency of that member held by the Fund shall immediately be paid to it. The balance shall be payable in not less than 12 equal quarterly installments in any

7/9/44 J.S. Art. VIII Secs. 2 and 3

(p. 36e)

currency available in the Fund and not declared scarce and desired by the withdrawing government, or at the option of the Fund, by the delivery of gold.

(The preceding paragraph replaces (c) and (d) of Alternative A.)

(e) If the Fund's holdings of the currency of such country exceed the amount due to such government, and the Fund and the government do not reach agreement on the method of settling their accounts within six months from the date of withdrawal, settlement shall be made as provided in this and the following paragraphs.

(i) The withdrawing member shall be free to redeem such excess currencies in gold or in the currencies of members which at the time of actual redemption are convertible under III (6) (J.S. III 5.) within three years from the date of withdrawal or such longer period which may be fixed by the Fund.

(ii) The Fund may place any portion of the remaining balance of the withdrawing member's currency at the disposal of any member desiring it at a rate in any quarterly period not exceeding one-twelfth of the Fund's excess holdings at the date of withdrawal of the currency to be redeemed plus current accruals of such currency during such quarterly period.

(iii) If at the end of five years any balance of the withdrawing member's currency still remains in the hands of the Fund, the Fund may continue the arrangements under (i) and (ii) above for a further period, or the Fund having regard to the means of payment available to the withdrawing member may prescribe to it the manner in which it shall liquidate the balance.

7/9/44 J.S. Art. VIII Secs. 2 and 3

(p. 36f)

(iv) The withdrawing government unconditionally guarantees at all times the unrestricted use of such currency for the purchase of goods or for the payment of other sums due to it or to its nationals. Further, the withdrawing government shall indemnify the Fund against any loss resulting from exchange depreciation until such currency has been used or redeemed.

(f) Any member desiring to obtain the currency of a former member shall acquire the currency by purchase from the Fund, to the extent that such member has access to the resources of the Fund and such currency is available under the preceding paragraph.

(g) In the event of the Fund going into liquidation under .... within six months of the date upon which any government ceased to be a member, all rights and obligations of such government shall be determined in accordance with the provisions governing liquidation instead of the provisions of this section.

7/9/44 J.S. Art. VIII Secs. 2 and 3

Document 243

CI/3/S3

Report of Subcommittee of Committee 3 of Commission I on Liquidation and Withdrawal

The sub-committee wishes to report progress in its consideration of the matter of liquidation. In its meeting it decided to recommend to the Committee the approval of Article VIII, Section 4(a) of Alternative A, Document 211. The sub-committee wishes to recommend that paragraph (b) be amended to read: "If a decision to liquidate the Fund is carried, (i) the Fund shall forthwith cease to engage in any activities except those incident to an orderly liquidation of its assets and the settlement of its liabilities, and (ii) all the obligations of members under this agreement other than those specified in the following paragraphs of this Section and .... shall cease to have effect." The sub-committee was of the opinion that this clause might be inserted either at this place or in some other Section of the document relating to the obligations of the members, at the discretion of the final drafting committee. With this amendment the substance of paragraph (b) was recommended for the approval of the committee. Paragraph (c) was recommended for adoption as given in Alternative A.

The sub-committee regrets that it was unable to reach agreement on paragraph (d) of Article VIII, Section 4. Two drafts of this paragraph were under consideration while a third was added in the course of discussion. The sub-committee wishes to refer this back to the whole Committee for action.

It may be noted that some members of the sub-committee favored leaving the matter of liquidation to the discretion of the Board of Governors. The predominant sentiment, however, favored some more definite provision though it could not agree upon the exact provision to be suggested. A draft of a discretionary method of treatment is given in Alternative D. The sub-committee recommended approval of paragraph (e), but one member favored a five-year term for redemption of excess currency instead of the three-year term now provided.

In dealing with the question of withdrawal the Committee had before it two Alternatives. It was the opinion of some of the members that the Alternatives must be discussed as a whole since the principles involved are similar to the principles of liquidation and accordingly the sub-committee was unable to embody its deliberations in an approved draft for the consideration of Committee

3. Certain amendments to Alternative A were offered to perfect this draft without prejudice to consideration of Alternative B. It was suggested that Article VIII, Section 3(a) be amended with

7/9/44

(p. 2)

the insertion after the first sentence of the following: "Failing such agreement settlement shall be made in accordance with the provisions of (c), (d) and (e)." A new draft, Alternative C, for the entire Section was submitted and this draft will be presented to the whole Committee.

Respectfully submitted,

CAMILLE GUTT, *Chairman*
H. J. BITTERMAN, *Secretary*

7/9/44

Document 244

(p. 45)

JOURNAL

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

No. 10 Bretton Woods, New Hampshire July 10, 1944

ORDER OF THE DAY

Meetings for Monday, July 10

9:30 a.m.	Commission I	Auditorium
2:30 p.m.	(Reserved for Commission I)	Auditorium
5 p.m.	Commission III	Auditorium

(p. 46)

RÉSUMÉ OF MEETING OF AGENDA COMMITTEE OF COMMISSION II
Bank for Reconstruction and Development
(*July* 9, 5 *p.m.*)

At its second meeting, at 5 p.m. on July 9, the Agenda Committee decided that the Secretariat should prepare a document similar to that used in the Fund, incorporating all the amendments received up to 10 a.m. on Monday, July 10. Consideration of this document will commence at a meeting of Commission II to be held in the afternoon of Tuesday, July 11.

NOTICE REGARDING AD HOC COMMITTEES OF COMMISSION I

Canada should be added to the list of members of the *ad hoc* Committee on Relations with Non-Member Countries (*Journal* No. 9, July 9, p. 41).

(p. 47)

List of Documents Issued as of *July 9, 1944*

Subject	*Symbol*	*Doc. No.*
Journal No. 9	J/9	223
Minutes of Committee 1, Commission I, July 8, 9:30 a.m.	CI/1/M5	224
Minutes of Committee 2, Commission I, July 8, 11:30 a.m.	CI/2/M6	225
Minutes of Committee 3, Commission I, July 8, 9:30 a.m.	CI/3/M6	226
Minutes of Committee 4, Commission I, July 8, 11:30 a.m.	CI/4/M5	227
Order of the Day	GD/25	228
News Bulletin No. 10		229
French Translation of Rules and Regulations	C/RR/4	230
Supply Tabulation Form	GD/27	232
Second Report of Committee 4, Commission I	CI/4/RP2	233
Second Report of Committee 2, Commission I	CI/2/RP2	234
Agenda Committee, Report to Commission III, July 8	CIII/A	235
Additional Page to SA/1 (p. 39a)	SA/1/43	236
Additional Page to SA/1 (p. 26g)	SA/1/44	237
Report of the Reporting Delegate of Committee 1 of Commission I on Purposes, Policies, and Quotas of the Fund	CI/1/RP2	238
Report of Committee 3, Commission I, on Organization and Management of the Fund	CI/3/RP2	239
Commission I—Status of Committee Assignments as of 6 p.m., July 9	CI/3	240
Additional Page to SA/1 (p. 37bb)	SA/1/45	241
Additional Pages to SA/1 (pp. 36 d, e, f)	SA/1/46	242
Report of Subcommittee of Committee 3, Commission I, on Liquidation and Withdrawal	CI/3/S3	243

Document 245

SA/3

Preliminary Draft of Proposals for the Establishment of a Bank for Reconstruction and Development

There is attached a preliminary draft of provisions which have been submitted to the Secretariat.

At the top of each page there is set forth as Alternative A the pertinent provision of the "Proposal for a Bank for Reconstruction and Development (Doc. SA/2, #169). Immediately below appear alternative and supplementary texts submitted to the Secretariat (Room 147). It is expected that further suggestions will be made and as they are presented to the Secretariat, they will be distributed for inclusion in the attached draft.

The Secretariat has attempted to put the various proposals together in a manner which would be helpful in the consideration of the alternative provisions suggested. The order adopted is in no way indicative of where the provisions might appropriately appear in a final document.

The Secretariat is aware of the possibility that errors and omissions have been made in the attached draft, despite the care employed in its preparation. Accordingly, the Secretariat requests the indulgence of any delegation whose proposals may have been partially or wholly omitted or improperly presented. If the attention of the Secretariat is called to any error or omission, such error or omission will be corrected promptly.

7/10/44

(p. 1)

Title

Alternative A

Agreement to Establish a Bank for Reconstruction and Development.

Alternative B

It is suggested that the title be: "The International Corporation for Reconstruction and Development", or some other title omitting the word "Bank".

7/10/44 Title
Alts. A & B

(p. 1a)

Title

Alternative C

It is suggested that the title be either "The International Guarantee and Investment Association" or "The International Investment and Guarantee Association".

7/10/44 Title
Alt. C

(p. 2)

Article I

Purposes of the Bank

Alternative A

The bank shall be guided in all its decisions by the following purposes.

1. To assist in the reconstruction and development of member

countries by facilitating provision of long-term investment capital for productive purposes through private financial agencies, by means of guaranteeing and participating in the loans made by private investors;

2. To supplement private financial agencies by providing capital for productive purposes out of its own resources, on conditions that amply safeguard its funds, when private capital is not available on reasonable terms;

3. To promote the long-range balanced growth of international trade by encouraging international investment for the development of the productive resources of member countries;

4. To coordinate loans made or guaranteed by it with international loans through other channels so that the more useful and urgent projects will be dealt with first;

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

Alternative B

(a) Respecting subdivision 2, it is proposed that the words "on conditions which amply safeguard its funds" should be replaced by "on suitable conditions".

7/10/44 Art. I
Alts. A & B

(p. 2a) (b) Substitute the following for subdivision 3:

3. To assist in raising the productivity, the standard of life, and conditions of labour in member countries, thereby helping to make available through international collaboration long-term capital for the sound development of production and resources.

4. To permit the long-range balanced growth of international trade among member countries.

(and renumber other subdivisions accordingly)

Alternative C

1. To assist in the reconstruction *and the restoration of the economy destroyed by the hostilities,* and in the development of member countries by facilitating provision of long-term investment capital for productive purposes through private financial agencies, by means of guaranteeing and participating in the loans made by private investors:

2. To supplement private financial agencies by providing capital

for reconstruction and restoration of the economy destroyed by the hostilities and for development for productive purposes out of its own resources, on conditions that amply safeguard its fund, when private capital is not available on reasonable terms;

7/10/44 Art. I
Alts. B & C

(p. 2b)

ARTICLE I

Alternative D

An International Bank for the Reconstruction and Development of Member Countries is hereby established for the following purposes:

(1) To assist in the reconstruction or the development of the productive resources of member countries, more especially those whose economy has been disrupted by the war or has been inadequately developed, by providing or facilitating the provision of long-term investment capital;

(2) To help promote the balanced growth of international trade by encouraging international investment; and

(3) In the immediate post-war years, to assist in bringing about a smooth transition from a wartime to a peacetime economy.

Alternative E

The following Section has been proposed as an alternative to Section 2:

(2) To supplement private financial agencies by providing capital for promising productive purposes out of its own resources when private capital is not available on reasonable terms.

7/10/44 Art. I
Alts. D & E

(p. 2c)

ARTICLE I

Alternative F

Paragraph 1 should read:

1. To assist in the reconstruction and development of member countries by facilitating provision of *capital for sound and constructive international investment* through private financial agencies by means of guaranteeing and participating in the loans made by private investors.

Paragraph 5 should read:

5. To facilitate a rapid and a smooth transition from a wartime to peacetime economy by increasing the flow of international

investment and thus to help to bring economy back to work and to avoid serious disruption of economic life of member countries.

7/10/44 Art. I
Alt. F

(p. 3)

ARTICLE II

Membership in and Capital of the Bank

Alternative A

SECTION 1. *Countries Eligible for Membership*

The members of the Bank shall be those members of the International Monetary Fund which accept membership in the Bank.

7/10/44 Art. II
Sec. 1
Alternative A

(p. 4)

ARTICLE II

Alternative A

SECTION 2. *Authorized Capital.*

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 ________. 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.

The Capital stock may be increased when the Bank deems it advisable by four-fifths of the aggregate votes.

Alternative B

It is proposed that the second paragraph of this Section should read as follows:

The Capital Stock may be increased when the Bank deems it advisable. But no member shall be obligated to increase its subscription pro rata unless it desires to do so.

7/10/44 Art. II
Sec. 2
Alts. A & B

(p. 5)

ARTICLE II

Alternative A

SECTION 3. *Subscription for Stock.*

Each member shall subscribe for shares of stock. The minimum numbers of shares to be subscribed by countries represented at the United Nations Monetary and Financial Conference shall be those set forth in Schedule A. (Schedule A to be added later). The minimum number of shares for other countries which become members of the Bank shall be determined by the Bank.

Any member may subscribe for additional shares of stock in accordance with rules to be established by the Bank, except that a part of the authorized capital shall be reserved by the Bank for minimum subscriptions of countries not represented at the United Nations Monetary and Financial Conference.

7/10/44 Art. II
Sec. 3
Alt. A

(p. 6)

ARTICLE II

Alternative A

SECTION 4. *Availability of Subscribed Capital.*

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

(a) Twenty percent shall be callable by the Bank as needed for any of its operations.

(b) The remaining 80 percent shall be callable by the Bank only when required to implement obligations of the Bank created under IV(1) (b) and (c) below.

Calls on unpaid subscriptions shall be uniform on all shares.

7/10/44 Art. II
Sec. 4
Alt. A

(p. 6a)

ARTICLE II

Alternative B

Substitute for Alternative A, subdivision (a) the following:

(a) Twenty percent shall be callable by the Bank as follows:

(i) two percent in gold or gold-convertible currency within 60 days after the date set for the operations of the Bank to begin;

(ii) eighteen percent in maximum amounts of five percent in any three months period as needed for any of its operations;

provided, however, that not less than ten percent in the aggregate shall be called within one year from the date set for the operations of the Bank to begin.

And add to the last sentence of the section:

If one or more shareholders fail to meet a call in whole or in part, an additional call or additional calls shall be made until the entire amount of the call shall have been paid, subject always to the provision of section 7, below.

7/10/44 Art. II
Sec. 4
(p. 7) Alt. B

ARTICLE II

Alternative A

SECTION 5. *Payment of Subscription.*

(a) Payments under Section 4(a) shall be partly in gold and partly in local currency except that payments required to implement obligations of the Bank created under Article IV, Section 1(b) or 1(c), shall be made in the manner provided in the following subdivision. The proportions to be paid in gold and local currency under this subdivision shall be graduated according to an agreed upon schedule which shall take into account the adequacy of the gold and free foreign exchange holdings of each member country. The portion to be paid in gold shall not in any event exceed 20 percent of the total payment.

(Schedule to be inserted)

(b) Payments under Section 4(b) shall at the option of the member be made either in gold or in the currency required to implement the obligations with respect to which a call is made.

(c) The initial payment on each share issued shall be such as to equal the total amount per share already called on outstanding shares, adjusted for the amount by which the issue price of the share differs from par value.

7/10/44 Art. II
Sec. 5
(p. 7a) Alt. A

Alternative B

It is suggested that the following should replace the last sentence of Section 5(a):

"No Member will be expected to contribute in gold more than 20 percent of its callable subscription under 4(a), and every member will be required to contribute not less than 10 per cent unless the member satisfies the Bank that a lower percentage would be appropriate to its circumstances."

Alternative C

Add the following to Section 5:

To any country represented at the United Nations Monetary and Financial Conference whose home areas have suffered from enemy occupation and hostilities during the present war will be granted the right to postpone till the end of its restoration period the payment of its gold contribution in the amount from twenty-five to fifty percent, dependent on the extent of the damage caused by the enemy occupation and hostilities.

7/10/44

Art. II
Sec. 5
Alts. B & C

(p. 8)

ARTICLE II

Alternative A

SECTION 6. *Issue Price of Shares.*

Shares of stock included in the initial subscription of a member represented at the United Nations Monetary and Financial Conference shall be issued at par if the subscription is received not later than one year after the date set for operations of the Bank to begin. Other shares shall be issued at par or such other price as may be fixed by three-fourths vote of the Bank.

7/10/44

Art. II
Sec. 6
Alt. A

(p. 8a)

ARTICLE II

Alternative B

It is proposed that the last sentence of Alternative A should be amended to read as follows:

> Other shares shall be issued at a price equal to the total of the net assets as shown on the last balance sheet, divided by the number of shares in existence at the time of the issue of that balance sheet, or such other price as may be fixed by a three-fourths vote.

7/10/44

Art. II
Sec. 6
Alt. B

(p. 9)

ARTICLE II

Alternative A

SECTION 7. *Limitation on Liability.*

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

7/10/44

Art. II
Sec. 7
Alt. A

(p. 10)

ARTICLE II

Alternative A

SECTION 8. *Disposal of Shares Limited.*

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

7/10/44 Art. II Sec. 8 Alt. A

(p. 11)

ARTICLE II

Alternative A

SECTION 9. *Return of Subscriptions.*

When the liquid resources of the Bank are substantially in excess of prospective needs, the Bank may return, subject to call, uniform amounts on all shares of stock outstanding.

7/10/44 Art. II Sec. 9 Alt. A

(p. 11a)

ARTICLE II

Alternative B

It is suggested that the following be added to Alternative A:

> , provided always that the amounts returned do not encroach upon the amounts of currency and/or gold to be held available pursuant to Article III, Section 3, Alternative B.

7/10/44 Art. II Sec. 9 Alt. B

(p. 12)

ARTICLE III

General Provisions Relating to Loans

Alternative A

SECTION 1. *Use of Resources Restricted.*

The resources and the facilities of the Bank shall be used exclusively for the benefit of members.

Alternative B

The resources and the facilities of the Bank shall be used exclusively for the benefit of members.

The Bank shall give equal consideration to projects for development and to projects for reconstruction, and its resources and facilities shall always be made available to the same extent for either kind of project.

7/10/44 Art. III
Sec. 1
Alts. A & B

(p. 13)

ARTICLE III

Alternative A

SECTION 2. *Agencies Dealing with the Bank.*

Except as otherwise indicated in this Agreement, the Bank shall conduct its business only with or through the governments of the members, their central banks, stabilization funds and other similar fiscal agencies, the International Monetary Fund, and other international agencies participated in primarily by governments of members.

Alternative B

It is proposed that the last two lines be amended to read "and other public international organizations, at least one-half of the members of which are members of the Bank."

7/10/44 Art. III
Sec. 2
Alts. A & B

(p. 14)

ARTICLE III

Alternative A

SECTION 3. *Limitation on Loans and Guarantees.*

The total amount of guarantees, participations in loans, and loans and other investments made by the Bank shall not exceed at any one time ______ percent of the subscribed capital and surplus of the Bank.

Alternative B

At the time of an issue of securities guaranteed by the Bank or of an issue by the Bank of its own bonds, the amounts thereof, added to the amounts outstanding of previous issues shall never exceed 75% of the unpaid subscriptions to the shares of the Bank. The Bank shall always maintain for each loan it has guaranteed (and for each loan it has issued) either a deposit on call in the currency or currencies in which the service of such loan is to be fulfilled or an amount of gold, sufficient to cover at least the service of six months. These funds will be taken out of its paid up capital, its reserves, or, if necessary by calling for payments on the unpaid part of the capital.

7/10/44

Art. III
Sec. 3
Alts. A & B

(p. 15)

ARTICLE III

Alternative A

SECTION 4. *Conditions on which Bank may Guarantee or make loans.*

The Bank may guarantee, participate in, or make loans to the government of any member, political sub-divisions thereof, and business and industrial enterprises therein, subject to the following conditions:

(1) The government of the member in which the project is located, the central bank of such member, or some comparable agency fully guarantees the payment of interest on the loan and repayment of the principal.

(2) The borrower is unable to secure the funds from other sources under conditions which, in the opinion of the Bank, are reasonable.

(3) A competent committee, after a careful study of the merits of the project, has submitted a written report concluding that the project would serve to increase the productivity of the member country in which it is located.

(4) In the opinion of the Bank, the rate of interest is reasonable and such rate and the schedule for repayment of the principal are appropriate to the project and to the balance of payments prospects of the member country in which the project is located.

(5) In guaranteeing a loan made by other investors, the Bank receives compensation for its risk.

7/10/44

Art. III
Sec. 4
Alt. A

(p. 15a)

ARTICLE III (4)

Alternative B

PART (1)

It is proposed that:

(a) The preamble be amended as follows:

"The Bank may guarantee, participate in, or make loans to the government of any member, political sub-division thereof, public utilities, and semi-public bodies and organizations engaged in production, including agricultural co-operatives and credit institutions."

(b) The following be substituted for sub-division 2:

"The Bank is satisfied that in the prevailing market conditions the borrower would be unable otherwise to secure the funds under conditions which in the opinion of the Bank are reasonable for the borrower".

PART (2)

In general, loans made or guaranteed by the Bank, shall be for the purpose of specific projects of reconstruction and development, and except as otherwise provided in this plan, the proceeds of loans shall only be made available to meet specific purposes. In exceptional circumstances, however, the Bank, acting in agreement with the International Monetary Fund, may make or guarantee a loan which provides the borrowing country with gold or foreign exchange for the purpose of establishing its exchanges and allowing a breathing space for the recovery of its economy and the balancing of its international payments.

7/10/44 Art. III Sec. 4 Alt. B

(p. 15b)

PART (3)

In making or guaranteeing a loan the Bank shall pay due regard to the prospects of the borrowing country being in a position to service the loan; and in determining the destination, the character and the volume of its loans it shall act prudently in the interests both of the borrowing member country and also of the guaranteeing members. At the same time it shall not seek to avoid the incurring of some measure of reasonable risk (taking account of the commission chargeable—see below) where the loan is in the general interests of reconstructing or developing the world's resources or expanding international trade along mutually advantageous lines; and shall seek to conduct its operations taken as a whole in such manner as to avoid, so far as possible, the calling up of the capital reserved for guarantees, rather than seek full security from risk in each transaction taken separately. These considerations shall govern the lending policy of the Bank especially in approving reconstruction loans to countries which have suffered from the war.

Alternative C

Substitute for Art. III—Section 4—Section 4—Alternative B—Part (2)

In general, loans made or guaranteed by the Bank shall be for the purpose of specific projects of reconstruction and development. *The Bank acting in agreement with the International Monetary Fund shall pay due regard to loans or guarantees with the specific purpose to foster exports in a member country whose balance of payments is disrupted by a reduction in its exports.*

7/10/44 Art. III Sec. 4 Alts. B & C

(p. 15c)

Article III (4)

Alternative D

It is proposed that sub-division (3) be amended as follows:

A competent committee, after a careful study of *the purpose of the loan* or the merits of the project, has submitted....

Alternative E

When making direct loans, participating in loans, or guaranteeing the loans for restoration and reconstruction of the economy of countries whose home areas suffered considerable damage from enemy occupation and hostilities, the Bank shall take into consideration the special position of these countries in establishing for them the most favorable rates of interest, terms and conditions of repayment of such loans.

Alternative F

It is proposed that Section 4 be amended: (1) to make it clear that the Bank may guarantee, participate in, or make loans to enterprises engaged in agriculture, forrestry and fisheries, including co-operative and credit institutions; (2) to require that in the case of an application involving a loan, or the guaranteeing of a loan, in respect of an agriculture, forestry or fisheries project, the United Nations Food and Agriculture Organization, or pending its establishment, the United Nations Interim Commission on Food and Agriculture, shall be given an opportunity of examining the proposal and making recommendations, and that the Bank shall give due consideration to such recommendations before taking a final decision on the application.

7/10/44 Art. III Sec. 4 Alts. D, E & F

(p. 15d)

Article III (4)

Alternative G

It is suggested that Section 4 be amended to include loans to "public international organizations, at least one-half of the members of which are members of the Bank."

7/10/44

Art. III
Sec. 4
Alt. G

(p. 15e)

ARTICLE III (4)

Alternative H

It is proposed that Alternative B, Part (2) sentence 2, should read:

In exceptional circumstances, however *and particularly during the early postwar period* the Bank, acting in agreement with the International Monetary Fund, may make or guarantee a loan which provides the borrowing country with gold or foreign exchange for the purpose of establishing its exchanges and allowing a breathing space for the recovery of its economy and the balancing of its international payments.

It is proposed that Alternative B, Part (3), last sentence, should read:

These considerations shall govern the lending policy of the Bank especially in approving reconstruction and *recovery* loans to countries which have suffered from the war.

Alternative I

It is proposed that there be added at the end of Alternative A, section 4, sub-division (1):

except that the Bank may, out of the capital paid in pursuant to Article II, section 4 (a), and with the approval of the debtor's government, provide long-term investment capital to business and industrial enterprises in member countries without such guarantee.

7/10/44

Art. III
Sec. 4
Alts. H & I

(p. 16)

ARTICLE III

Additional Material

It is proposed that the following section be added between sections 4 and 5:

The Bank shall make no loans or investments that can be placed through the usual private investment channels on terms which can be considered as reasonable for the member Government of the project concerned. The bank shall by reputation prescribe procedure for its operations that will assure the application of this principle.

7/10/44

Art. III
Additional Section

(p. 17)

ARTICLE III

Alternative A

SECTION 5. *Provision of currencies for loans.*

When the Bank makes loans it shall:

(a) Furnish the borrower with the currencies of members other than that of the member in which the project is located which are needed by the borrower in connection with the loan;

(b) Finance the expenditures of the borrower in the member in which the project is located only as follows, (1) under exceptional circumstances when the local currency required cannot be raised on reasonable terms in the country where the project is located, the Bank may provide an appropriate part of the loan in that currency, or (2) if the development program or project gives rise to an increased need for foreign exchange, the Bank may make available to the borrower an appropriate amount of gold or foreign exchange not to exceed the borrower's expenditure in the member in which the project is located;

(c) Make available at the request of a member in which a portion of a loan is spent an amount of gold or foreign exchange not to exceed the amount by which the expenditure of the loan in that member gives rise to an increased need for foreign exchange.

Alternative B

It is proposed that Section 5 commence as follows:
Except where the borrower is a member Government the Bank in making loans shall:

7/10/44

Art. III
Sec. 5
Alts. A & B

(p. 18)

ARTICLE III

Alternative A

SECTION 6. *Use of loans guaranteed, participated in or made by the bank.*

(a) The Bank shall impose no conditions as to the particular member in which the proceeds of a loan shall be spent.

(b) The Bank shall make arrangements to assure 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 regardless of political or other non-economic influences or considerations.

(c) In addition to any other action which the Bank may take to implement the provisions of subsection (b) above with respect to loans it makes, it shall credit the account of the borrower with the amount of the loan and shall make payment from the account only to meet expenses as they are actually incurred.

Alternative B

It is proposed that subdivision (c) commence as follows:

(c) *When a loan is made by the Bank to a borrower other than a member government,* it shall credit....

7/10/44

Art. III
Sec. 6
Alts. A & B

(p. 19)

ARTICLE IV

Operations

Alternative A

SECTION 1. *Methods of facilitating provision of loans.*

The Bank may facilitate the provision of loans which satisfy the general conditions of Article III in any of the following ways:

(a) By direct loans out of the Bank's own capital subscribed under Article II, Section 4(a).

(b) By direct loans out of funds raised by the Bank in the market of a member.

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

7/10/44

Art. IV
Sec. 1
Alt. A

(p. 20)

ARTICLE IV

Alternative A

SECTION 2. *Loans from subscribed capital.*

The Bank shall make loans from currency subscribed under Article II, Section 4(a), only with the approval in each case of the member whose currency is to be loaned. If the currency required by the borrowing country is not available in whole or in part out of capital so subscribed, the Bank may supply such currency from its holdings derived from other sources or may supply gold, subject to Article III, Section 5, and Section 8 of this Article.

Alternative B

In the case of loans under Section 1 (a) of this Article, the borrower shall notify the Bank in which members it desires to incur expenditure to be met out of the loan, and the Bank shall make the required currencies available out of its subscribed capital, provided that the country whose currency is to be supplied has agreed in each case. If local currency subscribed under II (4) (a) is not available in whole or in part, the Bank shall make it available out of its holdings of gold or other free resources, if it possesses an adequate amount of such resources and is satisfied that, without this provision, the country in which the borrowing country desires to place the order, would have difficulty in maintaining the equilibrium of its international balance of payments. Otherwise it shall request the borrowing country to transfer its proposed expenditure to another member country. Furthermore, at the request of the countries in which portions of the loan are spent, the Bank will repurchase for gold or needed foreign exchange a part of the sum expended in the currencies of those countries made by the borrower from the proceeds of the loan.

7/10/44 Art. IV
Sec. 2
Alts. A & B

(p. 21)

ARTICLE IV

Alternative A

SECTION 3. *Loans from borrowed funds and guarantees.*

The Bank shall borrow funds under Section 1 (b) of this Article or guarantee loans under Section 1 (c) only with the approval of the member in the market of which the funds are raised and only if that member agrees that the proceeds may be expended in any member without restriction.

Alternative B

It is proposed that the following be added:

....The aggregate amount of outstanding borrowed capital shall not at any time exceed 12 billion dollars.

7/10/44 Art. IV
Sec. 3
Alts. A & B

(p. 22)

ARTICLE IV

Alternative A

SECTION 4. *Payment Provisions for Direct Loans.*

Loans made directly by the Bank under Section 1 (a) or (b) of this Article shall contain the following payment provisions:—

(a) The annual service of the loan shall be made up of three parts, namely:

(i) a standard rate of interest fixed by the Bank and the same to all borrowers but modifiable from time to time for new loans;

(ii) an annual commission at a flat rate fixed at one percent in the first instance but alterable by the Bank from time to time at its discretion for new loans in the light of experience, the same to all borrowers, to cover the general expenses of the Bank, and as a provision against risk, but the particular expenses of investigation, etc., attaching to the individual loan, may be charged separately against the borrowers.

(iii) an annual contribution to amortization either at a flat, or at a progressive, rate sufficient to repay the capital within a determined number of years, the length of which shall be fixed with regard not only to the character and purpose of the loan, but also, especially in the case of reconstruction loans, to the conditions in the country of the borrower which may delay the time within which the borrower can repay the loan.

7/10/44

Art. IV
Sec. 4
Alt. A

(p. 22a)

The time normally shall not exceed thirty years but may be extended to fifty years in particular cases.

(b) The loan and its annual service shall be fixed in whatever currency may be stipulated by the Bank when making the loan, and may be paid, at the option of the borrower, in gold, or at the discretion of the Bank, in any other currency of a member.

(c) In the event of the country of the borrower suffering from an acute exchange stringency, so that the service of the loan cannot be provided in the stipulated manner, the country may appeal 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 country of the borrower and of the operations of the Bank and the other members as a whole it may take action under either, or both, of the following headings in respect of the whole, or part, of the annual service:—

(i) The Bank may in its judgment accept payments in respect of the service of the loan for periods not exceeding three years at a time in local currency. The Bank shall arrange with the borrowing country for the repurchase of such local currency over a period of years on appropriate terms that safeguard the Bank's holdings of such currency. The Bank may also require that the whole, or part of such currency, may be transferred to another member in whose

7/10/44 Art. IV Sec. 4 Alt. A

hands it shall (p. 22b) be freely available to make payments or to purchase exports in the borrowing country.

(ii) The Bank may re-arrange the instalments of amortization so as to increase the amount due in later years or to prolong the life-time of the loan.

(d) Payments of interest, commissions, and principal, whether made in currency or in gold, must be equivalent to the gold value of the loan and of the contractual interest and commissions thereon.

7/10/44 Art. IV Sec. 4 Alt. A

(p. 22c)

ARTICLE IV (4)

Alternative B

It is proposed that Alternative A be amended as follows:

(1) Substitute for subdivision (a) (i):
A rate of interest varying with the conditions of the financial markets and the credit position of the borrower;

(2) Delete subdivision (a) (ii);

(3) Substitute for subdivision (b):
The loan and its annual service shall be fixed in the currency agreed between the borrower and the Bank when making the loan, and may be paid, at the option of the borrower, in the same currency or in gold, or in any other member currency agreed between the Bank and the borrower.

(4) Delete subdivision (d).

7/10/44 Art. IV Sec. 4 Alt. B

(p. 22d)

ARTICLE IV (4)

Alternative C

It is proposed that Alternative A, subdivision (c) (i), sentence 3, should read:

The Bank may also require that the whole, or part of such currency, may be transferred to another member in whose hands it shall be freely available to make payments *on existing obligations* or to purchase exports in the borrowing country.

Alternative D

It is proposed that Alternative A, subdivision (c) (i), sentence read as follows:

Payments of interest, commissions, and principal, whether made in currency or in gold, must, in the case of loans under Article IV, 1(a), be equivalent to the gold value of the loan and of the contractual interest and commissions thereon.

In the case of loans under Article IV, 1(b) and (c), payments of commissions must be maintained at their initial gold value. Payments of interest and principal will be governed by the provisions of the loan contract.

7/10/44

Art. IV
Sec. 4
Alts. C & D

(p. 23)

ARTICLE IV

Alternative A

SECTION 5. *Participations.*

The Bank may participate in loans with any of its resources except those subscribed under Article II, Section 4(a). Loans participated in by the Bank shall be placed through the usual investment channels.

7/10/44

Art. IV
Sec. 5
Alt. A

(p. 24)

ARTICLE IV

Alternative A

SECTION 6. *Guarantees.*

In guaranteeing a loan placed through the usual investment channels, the Bank shall charge a commission on the entire original amount of the loan at a flat rate fixed at one percent per annum in the first instance but alterable by the Bank from time to time at its discretion for new guarantees in the light of experience. Commissions shall be paid direct to the Bank by the borrower.

Alternative B

In guaranteeing a loan placed through the usual investment channels, the Bank shall charge a guarantee commission on the outstanding amount of the loan. The rate of the guarantee commission shall be fixed at a certain percent per annum varying with the conditions of the financial markets and the credit position of the borrower. It shall, however, not be higher than 1½% per annum and not lower than ¼% per annum. Guarantee commissions shall be paid direct to the Bank by the borrower.

7/10/44 Art. IV Sec. 6 Alts. A & B

(p. 25)

ARTICLE IV

Alternative A

SECTION 7. *Order of Meeting Obligations.*

The obligation of the Bank on borrowings or guarantees under Section 1 (b) and (c) of this Article shall be met first from its receipts from commissions and other profits, then from a call on unpaid subscriptions, and finally from paid-in capital. When there is any interruption in the service of a loan guaranteed by the Bank, it shall assume the service. If losses of the Bank are recovered the funds received shall be returned pro rata to members responding to any calls by which the obligations of the Bank were met. With the approval of the Bank, a member subjected to a call, may, in lieu of paying the call, purchase from the Bank currency of the country the default of which or of a borrower in which has necessitated the call but in such case the amount returnable to the member if the loss is recovered shall be appropriately reduced.

7/10/44 Art. IV Sec. 7 Alt. A

(p. 26)

ARTICLE IV

Alternative A

SECTION 8. *Miscellaneous Operations.*

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

(1) To issue, buy and sell (i) its own securities including securities collateralized by loans or investments it has made, (ii) securities it has guaranteed and, (iii) securities in which it has invested, but the Bank shall obtain the approval of the member in which securities are to be issued, bought or sold, and when the Bank buys securities it has issued it shall also obtain the approval of the member whose currency will be paid for such securities.

(2) To guarantee securities in which it has invested for the purpose of facilitating the sale of such securities.

(3) To borrow the currency of any member with the approval of such country; and

(4) After consultation with the International Monetary Fund, to buy and sell gold and the currencies of members whenever such transactions are necessary in connection with the operations of the Bank but with respect to each transaction other than any undertaken to pay creditors, the Bank shall obtain the approval of the member in which the transaction takes place and the member currency of which is disposed of by the Bank.

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

7/10/44 Art. IV Sec. 8 Alt. A

(p. 27)

Article IV

Alternative A

Section 9. *Warning to be Placed on Securities.*

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

7/10/44 Art. IV Sec. 9 Alt. A

(p. 28)

Article IV

Alternative A

Section 10. *Political Activity Prohibited.*

The Bank and its officers shall scrupulously avoid interference in the political affairs of any member. This provision shall not limit the right of an officer of the Bank to participate in the political life of his own country.

The Bank shall not be influenced in its decisions with respect to applications for loans by the political character of the government of the member concerned with the loan. Only economic considerations shall be relevant to the Bank's decisions.

The Bank, acting with the strictest impartiality, shall pay particular regard, both in selecting the place of its borrowing and of its lending to maintaining the equilibrium of the international balance of payments of members.

7/10/44

Art. IV
Sec. 10
Alt. A

(p. 29)

Article V

Management

Alternative A

SECTION 1. *Board of Governors.*

(a) The administration of the Bank shall be vested in a Board of Governors consisting of one governor and one alternate appointed by each member country in such manner as it may determine. Governors and alternates shall serve for five years, subject to the pleasure of their respective governments, and may be reappointed. No alternate may vote except in the absence of his governor. The Board shall select a chairman from its members.

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

(1) Determining what new members may be admitted and the conditions of their admission;
(2) Increasing the capital stock;
(3) Requiring a member to withdraw;
(4) Deciding appeals against interpretations of the Agreement by the Executive Directors given on application by a member;
(5) Making agreements to cooperate with other international organizations;
(6) Deciding to liquidate 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 convened by the Executive Directors whenever requested by five members or by one-quarter of the aggregate votes.

7/10/44

Art. V
Sec. 1
Alt. A

(p. 29a) (d) The Board may by regulation establish a procedure whereby the Executive Directors, when they deem such action to be in the best interest of the Bank, may obtain votes of the governors on a specific question in lieu of calling a meeting of the Board.

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

7/10/44 Art. V Sec. 1 Alt. A

(p. 30)

ARTICLE V

Alternative A

SECTION 2. *Voting.*

Each member shall have ——— votes plus one additional vote for each share of stock held.

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

7/10/44 Art. V Sec. 2 Alt. A

(p. 31)

ARTICLE V

Alternative A

SECTION 3. *The 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 ——— Executive Directors, of whom ——— shall be appointed by the ——— members holding the largest number of shares and ——— shall be elected biennially, in accordance with the provisions of Schedule B, by all the Governors other than those appointed by the members having the ——— largest number of shares. Persons chosen as Executive Directors need not be Governors.

(c) Every Executive Director may 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) 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.

7/10/44 Art. V Sec. 3 Alt. A

(p. 31a)

(e) In order to constitute a quorum for any meeting of the Executive Directors, there must be present a majority of the Directors representing not less than one-half of the voting power of all the Executive Directors.

(f) Each Executive Director appointed by one of the members with the ——— largest quotas shall be entitled to cast the number of votes allotted under Section 2 of this Article to the member appointing him. Each elected Executive Director shall be entitled to cast only the number of votes which actually count toward his election. Each Executive Director shall cast all of the votes to which he is entitled as a single unit.

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

(h) The Board of Governors shall make regulations containing provisions under which a member which is not entitled to appoint an Executive Director under (b) above shall be permitted to 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 shall select a President who shall

7/10/44

Art. V
Sec. 3
Alt. A cont'd

not be a Governor or an (p. 31b) Executive Director. The President shall be Chairman of the Executive Directors, but shall have no vote except a casting vote in case of an equal division. He may participate in meetings of the Board of Governors, but shall not vote at such meetings. He shall, however, be eligible for election as Chairman of the Board of Governors. The President shall hold office at the pleasure of the Executive Directors.

(j) 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's work. Subject to the general control of the Executive Directors, he shall be responsible for the internal organization of the Bank's staff and the appointment and dismissal of its staff.

(k) The President and the 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 member of the staff in the discharge of his duty.

(l) In appointing the 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 selecting personnel recruited on as wide a geographical basis as is possible.

7/10/44

Art. V
Sec. 3
Alt. A cont'd

(p. 31c)

(m) The Executive Directors may appoint such committees as they deem advisable. Members of such committees need not be limited to Governors or Executive Directors or their alternates.

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

SCHEDULE B

(a) In balloting for the elective Executive Directors, each governor eligible to vote shall cast for one person all of the votes to which he is entitled under Section 2 of this article. The six persons receiving the greatest number of votes shall be Executive Directors, except that no person who receives less than sixteen percent of the aggregate eligible votes shall be considered elected.

(b) When six persons are not elected on the first ballot, a second ballot shall be held in which the person receiving the lowest number of votes shall be ineligible for election and in which there shall vote only those governors who voted on the first ballot for a person not elected and those governors all or part of whose votes for a person elected are deemed to have raised the votes cast for that person above seventeen percent of the aggregate eligible votes.

7/10/44

Art. V
Sec. 3
Alt. A cont'd

(p. 31d)

(c) In determining whether any part of the votes cast by a governor are to be deemed to have raised the total of any person above seventeen percent, there shall be considered as not forming part of the excess over seventeen percent 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 the total reaches seventeen percent.

(d) Any governor whose votes are partly not in excess and partly in excess shall be eligible to vote in the second balloting only to the extent of the votes in excess.

(e) If on the second ballot, six persons have not been elected, further ballots shall be taken on the same principles until six persons have been elected, provided that after five persons are elected, the sixth may be elected by a simple majority of the remaining votes and shall be deemed to have been elected by all such votes.

7/10/44

Art. V
Sec. 3
Alt. A cont'd

(p. 32)

Article V

Alternative A

Section 4. *Advisory Council.*

There shall be an Advisory Council of seven persons elected by the Bank from outstanding representatives of banking, business, labor and agricultural interests, who are citizens of members, but only one citizen of any member shall serve on the Council at any one time. The Council shall advise with the Bank on matters of general policy. The Council shall meet annually and on such other occasions as the Bank may request.

Councillors shall serve for two years, and may be reelected. They shall be paid their reasonable expenses incurred in behalf of the Bank.

Alternative B

It is suggested that Section 4 be amended to provide that one member of the Advisory Council shall be nominated by the United Nations Food and Agriculture Organization.

7/10/44

Art. V
Sec. 4
Alts. A & B

(p. 33)

Article V

Alternative A

Section 5. *Loan Committees.*

The committees required to report on loans under Article I,

749013—48—26

Section 5, shall be appointed by the Bank, except that such committee shall include an expert selected by the Governor representing the member in which the project is located, who may or may not be from the technical staff of the Bank. The majority of each committee shall be from the technical staff.

7/10/44 Art. V Sec. 5 Alt. A

(p. 34)

ARTICLE V

Alternative A

SECTION 6. *Relationship to Other International Organizations.*

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 of the provisions of this Agreement may be effected only after amendment to this Agreement in conformity with the procedure set forth in Article IX.

7/10/44 Art. V Sec. 6 Alt. A

(p. 35)

ARTICLE V

Alternative A

SECTION 7. *Location of Offices*

The principal office of the Bank shall be located in the member holding the greatest number of shares and agencies or branch offices may be established in any member or members.

Alternative B

The location of the principal office of the Bank shall be decided by the Fund at the first meeting of the Board of Governors, which will take place in the territory of the member having the largest quota.

7/10/44 Art. V Sec. 7 Alts. A & B

(p. 36)

ARTICLE V

Alternative A

SECTION 8. *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 designated depositories in the four members holding the greatest number of shares and in such other depositories as the Bank may select. At least one-half of the holdings of gold of the Bank shall be held in the designated depository in the member in which the Bank has its principal office. In an emergency, the Executive Directors may transfer all or any part of the Bank's holdings of gold to any place where it can be adequately protected.

7/10/44

Art. V
Sec. 8
Alt. A

(p. 37)

ARTICLE V

Alternative A

SECTION 9. *Form of Holdings of Currency.*

The Bank shall accept from any member in lieu of any part of the currency of that member 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 a credit to the currency account of the Fund in that member.

7/10/44

Art. V
Sec. 9
Alt. A

(p. 38)

ARTICLE V

Alternative A

SECTION 10. *Protection of the Assets of the Bank.*

No change in the foreign exchange value of the currency of any member shall alter the gold value of the assets of the Bank. Whenever (i) the par value of a currency of a member is reduced, or (ii) the foreign exchange value of the currency of any member has depreciated within the jurisdiction to a significant extent in the opinion of the Bank, the member shall compensate the Bank by paying to the Bank within a reasonable time an amount of its own currency equal to the reduction the gold value of the currency of such member held by the Bank. Whenever the par value of the currency of any member has been increased the Bank shall compensate such member by returning, within a reasonable time, an amount in the currency of such member equal to the increase in the gold value of the currency of such member held by the Bank.

7/10/44

Art. V
Sec. 10
Alt. A

(p. 39)

Article V

Alternative A

Section 11. *Publication of Reports.*

The Bank 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 financial position and a profit and loss statement showing the results of its operations.

The Bank may publish such other reports as it deems desirable for carrying out its purposes and policies.

7/10/44

Art. V
Sec. 11
Alt. A

(p. 40)

Article V

Alternative A

Section 12. *Allocation of Income.*

The Bank shall determine annually what part of its net income shall be placed to reserve and what part, if any, shall be distributed.

If any part is distributed, two per cent non-cumulative shall be paid, as a first charge against the distribution of any year, to each member on the basis of the amount by which at the end of the fiscal year the amount paid on the par value of its shares exceeds the amount of its currency held by the Bank; and the balance to the members in proportion to their shares. Payments to each member shall be made in its own currency.

7/10/44

Art. V
Sec. 12
Alt. A

(p. 41)

Article V

Alternative A

Section 13. *Miscellaneous Powers.*

In order to carry out its purposes, the Bank may:

(1) Make contracts;

(2) Acquire and dispose of real and personal property;

(3) Institute legal proceedings in any court of competent jurisdiction;

(4) Enter into such compromises or settlements of obligations due to or by the Bank as in the judgment of the Board are to the best interests of the Bank;

(5) Employ such staff as shall be necessary to conduct the business of the Bank; and

(6) Adopt such rules or regulations as may be necessary or appropriate to conduct the business of the Bank.

7/10/44 Art. V Sec. 13 Alt. A

(p. 42)

Article VI

Withdrawal and Suspension of Membership and Liquidation

Alternative A

Section 1. *Right of Members to Withdraw.*

Any member may withdraw from the Bank at any time by serving written notice on the Bank at its principal office. Withdrawal shall become effective on the date such notice is received.

7/10/44 Art. VI Sec. 1 Alt. A

(p. 43)

Article VI

Alternative A

Section 2. *Suspension of Membership.*

A member country failing to meet any of its obligations to the Bank may be suspended from membership by decision of a majority of the member countries, each of which for this purpose shall have one vote, to be cast by its director or alternate. At the end of one year from the date of suspension, the country shall automatically cease to be a member of the Bank unless a majority of the member countries, voting in the same manner as for suspension, restores the country to good standing.

While under suspension, a country shall be denied all of the privileges of membership except the right of withdrawal, but shall be subject to all of its obligations.

7/10/44 Art. VI Sec. 2 Alt. A

(p. 44)

Article VI

Alternative A

Section 3. *Financial Assistance to be Withheld.*

If any country is suspended from membership, the members agree that they and their agencies will not extend financial assistance to that country during the period of suspension without approval of the Bank.

7/10/44

Art. VI
Sec. 3
Alt. A

(p. 45)

Article VI

Alternative A

Section 4. *Cessation of Membership in International Monetary Fund.*

Any member which ceases to be a member of the International Monetary Fund shall immediately cease to be a member of the Bank.

Alternative B

Any member country that withdraws or is dropped from the International Monetary Fund, shall relinquish its membership in the Bank unless three-fourths of the member votes favor its remaining as a member.

Alternative C

It is proposed that this Section be omitted.

7/10/44

Art. VI
Sec. 4
Alts. A, B, C

(p. 46)

Article VI

Alternative A

Section 5. *Settlement of Accounts with Countries Ceasing to be Members.*

(a) When a country ceases to be a member, the Bank shall arrange to repurchase its shares as a part of the settlement of accounts with such country. The repurchase price of the shares shall be the amount at which such shares are to be carried on the books of the Bank on the day the country ceases to be a member of the Bank plus a pro rata share of any surplus existing on that date.

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

(1) No amount shall be paid for shares prior to six months from the date upon which the country ceases to be a member nor thereafter so long as the country, its central bank or any of its agencies remain liable,

directly, or contingently, to the Bank, except as to liability of the country resulting from its subscription for shares, and any amount so withheld may, at the option of the Bank, be applied on any matured obligation. Payments for shares shall be made from time to time to the extent by which the amount due as the repurchase price exceeds the aggregate of such liabilities until the former member has received the full repurchase price.

7/10/44 Art. VI Sec. 5 Alt. A

(p. 46a)

(2) Payments shall be made in the currency of the country receiving payment and any deficiency shall be paid in gold or gold-convertible exchange at the option of the Bank.

(c) In the event the Bank goes into liquidation within six months of the date upon which any country ceases to be a member of the Bank, all rights of such country shall be determined by the provisions governing liquidation.

7/10/44 Art. VI Sec. 5 Alt. A

(p. 47)

Article VI

Alternative A

Section 6. *Assessments to Meet Losses*

(a) In the event any loss is sustained by the Bank on any guarantee, participation in a loan, or loan which was outstanding on the date the country ceased to be a member of the Bank, and the amount of such loss exceeds the amount of the reserve existing on the date the country ceased to be a member, such country shall be obligated to repay upon demand that amount by which the repurchase price of its shares would have been reduced if the loss had been taken into account when the repurchase price was determined. In addition, the former member country shall remain liable on any call for unpaid subscriptions 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.

(b) Repayment to the Bank under this section shall be in currency and gold or gold-convertible exchange in the same proportion as the payments by the Bank for the repurchase of the shares.

7/10/44

Art. VI
Sec. 6
Alt. A

(p. 48)

Article VI

Alternative A.

Section 7. *Liquidation*

In an emergency, the Executive Committee by a majority vote, temporarily may suspend the operations of the Bank, pending an opportunity for further consideration and action by the Board.

The Bank may be voted into liquidation by a majority of the aggregate votes.

Upon being voted into liquidation, the Bank shall forthwith cease engaging in any activities except those incident to the orderly liquidation, conservation and preservation of its assets and the settlement of its obligations.

The liability of all member countries for uncalled subscriptions to the capital stock of the Bank and their guarantees with respect to the depreciations of their own currencies shall continue until all claims of creditors including all contingent claims shall have been discharged.

Upon liquidation, all creditors holding direct claims shall be paid immediately if the Bank has sufficient assets, and if the assets are not sufficient, the Executive Committee shall pay such creditors as soon as possible out of payments to the Bank or calls on subscriptions, but before making any payments to holders of direct claims, the Committee shall make such arrangements as are necessary, in its judgment, to insure a distribution to holders of contingent claims ratably with creditors holding direct claims.

7/10/44

Art. VI
Sec. 7
Alt. A

(p. 48a)

No distribution shall be made to a member country on account of its capital subscription until all claims of creditors, including all contingent claims, have been discharged or have been provided for by the Executive Committee having made arrangements sufficient, in its judgment, to accomplish that purpose.

(Detailed provisions relating to method of distribution to shareholders will be supplied later on basis of principles provided for liquidating the International Monetary Fund.)

7/10/44 Art. VI
Sec. 7
Alt. A

(p. 49)

ARTICLE VII

Additional Undertakings on the part of Member Countries

Alternative A

SECTION 1. *Purposes and Scope of Undertakings.*

In order to support the activities of the Bank and to foster the accomplishment of its purposes and policies, each member country, in addition to commitments appearing elsewhere in this Agreement, undertakes the performance of and agrees to the stipulations set forth herein, all of which shall remain binding during suspension or after termination of membership.

7/10/44 Art. VII
Sec. 1
Alt. A

(p. 50)

ARTICLE VII

Alternative A

SECTION 2. *Immunities of the Bank.*

(a) The Bank and its assets of whatsoever nature shall, wheresoever located and by whomsoever held, be exempt and immune in the territory of any member from:

(i) search, seizure, attachment, execution, requisition, confiscation, moratorium and expropriation, except as provided in 3, below; and

(ii) any exchange, debt, or export controls, except such as are consented to by the Bank.

(b) All governors, executive directors, officers and employees of the Bank shall, with respect to their official acts, be exempt from suit except when the Bank consents.

(c) The archives of the Bank shall be inviolable.

NOTE. There are certain other minor privileges or immunities which will also be required such as courier facilities. Further material will be supplied completing this section in this respect.

7/10/44 Art. VII
Sec. 2
Alt. A

(p. 51)

ARTICLE VII

Alternative A

SECTION 3. *Suits against the Bank.*

Suits may be brought against the Bank only in a court of competent jurisdiction in a member in which the Bank has an office, and only by litigants other than members and those acting for or deriving claims from members. The Bank and its assets of whatsoever nature shall, wheresoever located and by whomsoever held, be exempt and immune from seizure, attachment and execution in advance of final judgment.

7/10/44 Art. VII Sec. 3 Alt. A

(p. 52)

ARTICLE VII

Alternative A

SECTION 4. *Restrictions on Taxation of the Bank, its Employees and Obligations*

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

(b) No member, or any political subdivision or any taxing authority thereof, shall impose or collect any tax on or measured by salaries paid by the Bank to its executive directors, officials and employees who are not citizens of such member.

(c) No member, or any political subdivision or taxing authority thereof, shall impose or collect any taxation on any obligation or security issued by the Bank, or any dividend or any interest thereon, by whomsoever held or received:

(i) which discriminates against such obligation, dividend, or interest, because of its origin; or

(ii) which is applied solely on the basis of the place or currency in which it is issued, made payable or paid, or solely on the basis of the location of any office or place of business maintained by the Bank.

(d) Each member shall inform the Bank of the detailed action it has taken to grant the exemptions and immunities provided for in this section and in section 2 respectively. Differences which may arise between such member and the Bank as to the sufficiency or propriety of any action shall be resolved in accordance with the provisions of Article IX, Section 1.

7/10/44 Art. VII Sec. 4 Alt. A

(p. 53)

ARTICLE VIII

Amendments

Alternative A

Any proposal to introduce modifications in the agreement, whether emanating from a member, a Governor or an Executive Director, 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 by a majority of the aggregate votes, the Bank shall, by circular letter, ask the governments of all the members whether they accept the proposed amendment. When three-fifths of the members, having four-fifths of the aggregate votes, have accepted the proposed amendment, the Bank shall certify the fact by means of a *proces verbal,* which it shall communicate to the governments of all members.

However, the acceptance of the amendment by the governments of all members is required in the case of modifications of the right to withdraw from the Bank.

The amendment will enter into force for all members three months after the date of the *proces verbal* unless a shorter period is specified in the circular letter.

7/10/44 Art. VIII Alt. A

(p. 54)

ARTICLE IX

Interpretation of the Agreement

Alternative A

SECTION 1. *Interpretation.*

(a) All questions 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 of the Bank for their decision. If the question particularly involves any member and that member is not represented among the Executive Directors by a Director appointed by it, then the provisions of Article VI, section 3, apply.

(b) In any case where the Executive Directors have given a decision under paragraph (a) above, any member may require that the question be submitted to the Board of Governors, and the decision of the Board shall be final. Pending the result of the reference to the Board, the Bank may (so far as is 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 country after liquidation 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. The umpire shall have full power to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

7/10/44 Art. IX Sec. 1 Alt. A

(p. 55)

Article IX

Alternative A

SECTION 2. *Definitions.*

(To be supplied later)

7/10/44 Art. IX Sec. 2 Alt. A

(p. 56)

Article IX

Alternative A

SECTION 3. *Approval Deemed Given.*

Whenever the approval of any member is required before any act may be done by the Bank, 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.

7/10/44 Art. IX Sec. 3 Alt. A

(p. 57)

Article X

(Final Provisions)

(To be supplied later)

7/10/44 Art. X

Document 247 (201)

GD/29 (GD/23)

Representation of Delegations on Commissions and Committees

COMMISSION I

Chairman—Harry D. White (U.S.A.)
Vice Chairman—Rodolfo Rojas (Venezuela)
Reporting Delegate—L. Rasminsky (Canada)
Secretary—Leroy D. Stinebower
Assistant Secretary—Eleanor Dulles

AUSTRALIA
Leslie G. Melville
James B. Brigden
Frederick H. Wheeler
Arthur H. Tange

BELGIUM
Camille Gutt

BOLIVIA
No designation

BRAZIL
No designation

CANADA
W. A. Mackintosh
L. Rasminsky
A. F. W. Plumptre
J. J. Deutsch
D. C. Abbott
J. A. Blanchette

CHILE
Luis Alamos
German Riesco
Arturo Maschke
Fernando Mardones

CHINA
Tingfu F. Tsiang

COLOMBIA
Carlos Lleras Restrepo

COSTA RICA
Luis D. Tinoco Castro
Jose Rafael Oreamuno

CUBA
E. I. Montoulieu
Oscar Garcia Montes
Ramiro Guerra
Luis Machado
J. M. Menocal
Miguel A. Pirez
Eduardo Durruthy
Felipe Pazos

CZECHOSLOVAKIA
Ladislav Feierabend
Jan Mladek
Antonin Basch
Josef Hanc
Ervin Hexner

DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez

ECUADOR
E. F. Carbo

EGYPT
Sanny Lackany Bey
Mahmoud Saleh El Falaky
Ahmed Selim

EL SALVADOR
Agustin Alfaro Moran
Raul Gamero
Victor Manuel Valdes

ETHIOPIA
Blatta Ephrem T. Medhen

FRENCH DELEGATION
Andre Istel
Raoul Aglion
Jean de Largentaye
Robert Mosse

GREECE
Kyriakos Varvaressos
Alexander Argyropoulos

GUATEMALA
Manuel Noriega Morales

(p. 2)

HAITI
Pierre Chauvet

HONDURAS
Julian R. Caceres

ICELAND
Magnus Sigurdsson

INDIA
Sir A. J. Raisman
Sir Theodore E. Gregory
Sir Shanmukham Chetty
Sir Chintaman D. Deshmukh
A. D. Shroff

IRAN
Abol Hasan Ebtehaj
Hosein Navab
A. A. Daftary

IRAQ
Ibrahim Kamal
L. M. Swan
Ibrahim Al-Kabir
C. E. Loombe

LIBERIA
William E. Dennis

LUXEMBOURG
Hugues Le Gallais

MEXICO
Eduardo Suarez
Antonio Espinosa de los Monteros

NETHERLANDS
J. W. Beyen
D. Crena de Iongh
H. Riemens
J. J. Polak
C. H. Schoch
A. Broches

NEW ZEALAND
Walter Nash
B. C. Ashwin
B. R. Turner
A. G. B. Fisher
E. C. Fussell

NICARAGUA
Guillermo Sevilla Sacasa
J. Jesus Sanchez Roig
Leon DeBayle

NORWAY
Wilhelm Keilhau
Ole Colbjornsen
Arne Skaug

PANAMA
Guillermo Arango
Narciso E. Garay

PARAGUAY
Celso R. Velazquez
Nestor M. Campos Ros

PERU
Pedro G. Beltran
Juvenal Monge
Emilio Barreto Latzeb

PHILIPPINE COMMONWEALTH
Andres Soriano
Jaime Hernandez
Joseph H. Foley
Ismael Mathay

POLAND
Leon Baranski

UNION OF SOUTH AFRICA
J. E. Holloway
M. H. de Kock
W. C. Naude

UNION OF SOVIET SOCIALIST REPUBLICS
M. S. Stepanov
P. A. Maletin
A. P. Morozov
A. M. Smirnov

UNITED KINGDOM
Lord Keynes
R. H. Brand
Sir W. Eady
R. Opie

UNITED STATES OF AMERICA
F. M. Vinson

URUGUAY
Mario La Gamma Acevedo
Hugo Garcia

VENEZUELA
No designation

YUGOSLAVIA
Vladimir Rybar

Commission I

Committee 1

Chairman—Dr. Tingfu F. Tsiang (China)
Reporting Delegate—Kyriakos Varvaressos (Greece)
Secretary—W. A. Brown

AUSTRALIA
Leslie G. Melville
James B. Brigden
Frederick H. Wheeler
Arthur H. Tange

BELGIUM
Baron Rene Boel

BOLIVIA
No designation

BRAZIL
Eugenio Gudin

CANADA
W. A. Mackintosh
L. Rasminsky
A. F. W. Plumptre

CHILE
Luis Alamos

CHINA
Te-Liang Soong

COLOMBIA
No designation

COSTA RICA
No designation

CUBA
Ramiro Guerra
Garcia Montes
Eduardo Durruthy

CZECHOSLOVAKIA
Jan Mladek
Antonin Basch
Ernest Sturc

DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez

ECUADOR
E. F. Carbo
S. E. Duran Ballen

EGYPT
Sanny Lackany Bey
Mahmoud Saleh El Falaky
Ahmed Selim

EL SALVADOR
Agustin Alfaro Moran
Victor Manuel Valdes
Raul Gamero

ETHIOPIA
Blatta Ephrem Medhen

FRENCH DELEGATION
A. Istel
J. de Largentaye
R. Mosse

GREECE
Kyriakos Varvaressos

GUATEMALA
Manuel Noriega Morales

HAITI
Pierre Chauvet

HONDURAS
Julian R. Caceres

ICELAND
A. Asgeirsson

INDIA
Sir A. J. Raisman
Sir Theodore E. Gregory
Sir Shanmukham Chetty
Sir Chintaman D. Deshmukh
A. D. Shroff

IRAN
A. H. Ebtehaj
Hosein Navab

IRAQ
Ibrahim Kamal
L. M. Swan
Ibrahim Al-Kabir
C. E. Loombe

LIBERIA
William E. Dennis

LUXEMBOURG
Hugues Le Gallais

MEXICO
Daniel Cosio Villegas
Victor L. Urquidi

(p. 2.)

NETHERLANDS
J. W. Beyen
D. Crena de Iongh
H. Riemens

NEW ZEALAND
Walter Nash
B. C. Ashwin
A. G. B. Fisher
E. C. Fussell
B. R. Turner

NICARAGUA
Leon DeBayle
J. Jesus Sanchez Roig
Guillermo Sevilla Sacasa

NORWAY
Wilhelm Keilhau
Arne Skaug
Kaare Petersen

PANAMA
Guillermo Arango
Narciso E. Garay

PARAGUAY
No designation

PERU
Pedro G. Beltran
Juan Chavez
Emilio Barreto Latzeh

PHILIPPINE COMMONWEALTH
Andres Soriano
Joseph H. Foley

POLAND
S. Kirkor
Z. Karpinski
M. Heilperin
W. Malinowski

UNION OF SOUTH AFRICA
J. E. Holloway
M. H. de Kock
W. C. Naude

UNION OF SOVIET SOCIALIST REPUBLICS
A. P. Morozov
F. P. Bystrov
P. Titov
N. Ivanov

UNITED KINGDOM
Lionel Robbins
A. W. Snelling

UNITED STATES OF AMERICA
Mabel Newcomer
F. M. Vinson
E. A. Goldenweiser
E. A. Collado
H. Edmiston

URUGUAY
Mario La Gamma Acevedo

VENEZUELA
Rodolfo Rojas
Cristobal L. Mendoza
M. Perez Guerrero

YUGOSLAVIA
Vladimir Rybar

COMMISSION I

Committee 2

Chairman—N. A. Maletin (U.S.S.R.)
Vice Chairman—W. A. Mackintosh (Canada)
Reporting Delegate—Robert Mosse (French Delegation)
Secretary—Karl Bopp
Assistant Secretary—Alice Bourneuf

AUSTRALIA
Leslie G. Melville
James B. Brigden
Frederick H. Wheeler
Arthur H. Tange

BELGIUM
Georges Theunis

EL SALVADOR
Agustin Alfaro Moran
Raul Gamero
Victor Manuel Valdes

ETHIOPIA
George A. Blowers

BOLIVIA
No designation
BRAZIL
Francisco Alves dos Santos Filho
CANADA
L. Rasminsky
W. A. Mackintosh
J. J. Deutsch
CHILE
German Riesco
CHINA
Tsu-Yee Pei
COLOMBIA
No designation
COSTA RICA
No designation
CUBA
Garcia Montes
Eduardo Durruthy
Felipe Pazos
CZECHOSLOVAKIA
Antonin Basch
Jan Mladek
DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez
ECUADOR
E. F. Carbo
S. E. Duran Ballen
EGYPT
Sanny Lackany Bey
Mahmoud Saleh El Falaky
Ahmed Selim

FRENCH DELEGATION
A. Istel
J. de Largentaye
R. Mosse
GREECE
Kyriakos Varvaressos
GUATEMALA
Manuel Noriega Morales
HAITI
Pierre Chauvet
HONDURAS
No designation
ICELAND
S. Frimannsson
INDIA
Sir A. J. Raisman
Sir Theodore E. Gregory
Sir Shanmukham Chetty
Sir Chintaman D. Deshmukh
A. D. Shroff
IRAN
A. H. Ebtehaj
Hosein Navab
IRAQ
Ibrahim Kamal
L. M. Swan
Ibrahim Al-Kabir
C. E. Loombe
LUXEMBOURG
Hugues Le Gallais
MEXICO
Antonio Espinosa de los Monteros
Rodrigo Gomez

(p. 2.)

NETHERLANDS
D. Crena de Iongh
A. Andriesse
A. Bestebreurtje
J. J. Polak
NEW ZEALAND
E. C. Fussell
A. G. B. Fisher
B. C. Ashwin
B. R. Turner
NICARAGUA
J. Jesus Sanchez Roig
Guillermo Sevilla Sacasa
Leon DeBayle

UNION OF SOUTH AFRICA
J. E. Holloway
M. H. de Kock
W. C. Naude
UNION OF SOVIET SOCIALIST REPUBLICS
N. Maletin
A. Smirnov
L. Andreev
M. Chekmarev
N. Kuznetzov

749013—48—27

NORWAY
Ole Colbjornsen
Arne Skaug
Kaare Petersen

PANAMA
Guillermo Arango
Narciso E. Garay

PARAGUAY
No designation

PERU
Pedro G. Beltran
Juvenal Monge
Emilio G. Barreto

PHILIPPINE COMMONWEALTH
Andres Soriano
Joseph H. Foley

POLAND
Zygmunt Karpinski
S. Kirkor
M. Heilperin
W. Malinowski

UNITED KINGDOM
D. H. Robertson
G. L. F. Bolton
H. E. Brooks

UNITED STATES OF AMERICA
E. E. Brown
M. S. Eccles
J. P. Wolcott
E. M. Bernstein
J. W. Angell
W. Gardner
A. H. Hansen
E. G. Collado

URUGUAY
Mario La Gamma Acevedo

VENEZUELA
Rodolfo Rojas
J. J. Gonzales Gorrondona
M. Perez Guerrero

YUGOSLAVIA
Vladimir Rybar

COMMISSION I

Committee 3

Chairman—Arthur de Souza Costa (Brazil)
Reporting Delegate—Erwin Hexner (Czechoslovakia)
Secretary—Malcolm Bryan
Assistant Secretary—J. H. Bitterman

AUSTRALIA
Leslie G. Melville
James B. Brigden
Frederick H. Wheeler
Arthur H. Tange

BELGIUM
Camille Gutt

BOLIVIA
No designation

BRAZIL
Valentim Boucas

CANADA
J. J. Deutsch
J. A. Blanchette
D. C. Abbott

CHILE
Arturo Maschke

CHINA
Te-Mou Hsi

COLOMBIA
No designation

EL SALVADOR
Agustin Alfaro Moran
Victor Manuel Valdes
Raul Gamero

ETHIOPIA
George A. Blowers

FRENCH DELEGATION
J. de Largentaye
R. Aglion

GREECE
Alexander Argyropoulos
Kyriakos Varvaressos

GUATEMALA
Manuel Noriega Morales

HAITI
Pierre Chauvet

HONDURAS
No designation

ICELAND
M. Sigurdsson

COSTA RICA
No designation

CUBA
Luis Machado
J. M. Menocal
Miguel Pirez

CZECHOSLOVAKIA
Ervin Hexner
Josef Hanc

DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez

ECUADOR
S. E. Duran Ballen
E. F. Carbo

EGYPT
Sanny Lackany Bey
Mahmoud Saleh El Falaky
Ahmed Selim

INDIA
Chintaman Deshmukh
Theodore Gregory

IRAN
A. A. Daftary
T. Nassr

IRAQ
Ibrahim Kamal
L. M. Swan
Ibrahim Al-Kabir
C. E. Loombe

LIBERIA
Walter F. Walker

LUXEMBOURG
Hugues Le Gallais

MEXICO
Antonio Espinosa de los Monteros
Rodrigo Gomez

(p. 2.)

NETHERLANDS
J. W. Beyen
C. H. Schoch

NEW ZEALAND
A. G. B. Fisher
E. C. Fussell
B. C. Ashwin
B. R. Turner

NICARAGUA
Guillermo Sevilla Sacasa
Leon DeBayle
J. Jesus Sanchez Roig

NORWAY
Arne Skaug
Ole Colbjornsen
Kaare Petersen

PANAMA
Guillermo Arango
Narciso E. Garay

PARAGUAY
No designation

PERU
Andres F. Dasso

PHILIPPINE COMMONWEALTH
Jaime Hernandez
Ismael Mathay

POLAND
Janusz Zoltowski
M. Heilperin

UNION OF SOUTH AFRICA
J. E. Holloway
M. H. de Kock
W. C. Naude

UNION OF SOVIET SOCIALIST REPUBLICS
I. Slobin
M. Idashkin
N. Cheklin

UNITED KINGDOM
Sir Eady
W. E. Beckett
G. L. F. Bolton
R. T. G. Miles

UNITED STATES OF AMERICA
R. F. Wagner
C. W. Tobey
A. F. Luxford
B. Cohen
E. M. Bernstein
O. Cox

URUGUAY
Hugo Garcia

VENEZUELA
Rodolfo Rojas
J. J. Gonzalez Gorrondona
M. Perez Guerrero

YUGOSLAVIA
Vladimir Rybar

Commission I

Committee 4

Chairman—Manuel B. Llosa, Peru
Reporting Delegate—Wilhelm Keilhau, Norway
Secretary—Colonel Charles M. Dyson
Assistant Secretary—Lauren Casaday

AUSTRALIA
Leslie G. Melville
James B. Brigden
Frederick H. Wheeler
Arthur H. Tange

BELGIUM
Joseph Nisot

BOLIVA
No designation

BRAZIL
Octavio Bulhoes

CANADA
D. C. Abbott
A. F. W. Plumptre
J. A. Blanchette

CHILE
Fernando Mardones

CHINA
Victor Hoo

COLOMBIA
No designation

COSTA RICA
No designation

CUBA
Luis Machado
Miguel Pirez
J. M. Menocal

CZECHOSLOVAKIA
Josef Hanc
Ervin Hexner

DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez

ECUADOR
Sixto E. Duran Ballen
Esteban F. Carbo

EGYPT
Sanny Lackany Bey
Mahmoud Saleh El Falaky
Ahmed Selim

EL SALVADOR
Agustin Alfaro Moran
Raul Gamero
Victor Manuel Valdes

ETHIOPIA
Blatta Ephrem T. Medhen

FRENCH DELEGATION
Raoul Aglion
Jean de Largentaye

GREECE
Athanase Sbarounis
Kyriakos Varvaressos

GUATEMALA
Manuel Noriega Morales

HAITI
Pierre Chauvet

HONDURAS
No designation

ICELAND
Magnus Sigurdsson

INDIA
Sir Chintaman D. Deshmukh
Sir Theodore E. Gregory

IRAN
A. A. Daftary
T. Nassr

IRAQ
Ibrahim Kamal
L. M. Swan
Ibrahim Al-Kabir
C. E. Loombe

LIBERIA
William E. Dennis

(p. 2.)

LUXEMBOURG
Hugues Le Gallais

MEXICO
Victor L. Urquidi

POLAND
Leon Baranski
J. Zoltowski

NETHERLANDS
A. H. Philipse
A. Broches

NEW ZEALAND
B. C. Ashwin
E. C. Fussell
A. G. B. Fisher
B. R. Turner

NICARAGUA
Leon DeBayle
J. Jesus Sanchez Roig
Guillermo Sevilla Sacasa

NORWAY
Wilhelm Keilhau
Ole Colbjornsen
Kaare Petersen

PANAMA
Guillermo Arango
Narciso E. Garay

PARAGUAY
No designation

PERU
Manuel B. Llosa
Juvenal Monge
Emilio Barreto Latzeh

PHILIPPINE COMMONWEALTH
Jaime Herandez
Ismael Mathay

UNION OF SOUTH AFRICA
J. E. Holloway
M. H. de Kock
W. C. Naude

UNION OF SOVIET SOCIALIST REPUBLICS
A. Arutiunian
F. Bystrov
N. Panchenko

UNITED KINGDOM
N. B. Ronald
W. E. Beckett
J. W. Russell

UNITED STATES OF AMERICA
D. Acheson
B. Spence
L. T. Crowley
O. Cox
L. S. Pasvolsky
R. B. Brenner

URUGUAY
Hugo Garcia

VENEZUELA
Rodolfo Rojas
Cristobal L. Mendoza
Alfonso Espinoza
Manuel Perez Guerrero

YUGOSLAVIA
Vladimir Rybar

Commission II

Chairman—Lord Keynes (U. K.)
Vice Chairman—Luis Alamos Barros (Chile)
Reporting Delegate—Georges Theunis (Belgium)
Secretary—A. Upgren
Assistant Secretary—A. Smithies

AUSTRALIA
Leslie G. Melville
James B. Brigden
Frederick H. Wheeler
Arthur H. Tange

BELGIUM
Camille Gutt

BOLIVIA
No designation

BRAZIL
No designation

CANADA
W. A. Mackintosh

DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez

ECUADOR
S. E. Duran Ballen

EGYPT
Sanny Lackany Bey
Mahmoud Saleh El Falaky
Ahmed Selim

EL SALVADOR
Agustin Alfaro Moran
Raul Gamero
Victor Manuel Valdes

CHILE
Luis Alamos
German Riesco
Arturo Maschke
Fernando Mardones

CHINA
Yee-Chung Koo

COLOMBIA
Miguel Lopez Pumarejo

COSTA RICA
Francisco de P. Gutierrez Ross
Jose Rafael Oreamuno

CUBA
E. I. Montoulieu
Oscar Garcia Montés
Ramiro Guerra
Miguel A. Pirez
Luis Machado
Juan M. Menocal
Eduardo Durruthy

CZECHOSLOVAKIA
Ladislav Feierabend
Antonin Basch
Josef Hanc
Ervin Hexner
Jan Mládek

ETHIOPIA
George A. Blowers

FRENCH DELEGATION
Andre Istel
Raoul Aglion
Jean de Largentaye
Robert Mosse

GREECE
Kyriakos Varvaressos
Athanase Sbarounis

GUATEMALA
Manuel Noriega Morales

HAITI
Andre Liautaud

HONDURAS
Julian R. Caceres

ICELAND
Magnus Sigurdsson

INDIA
A. J. Raisman
Theodore Gregory
Shanmukham Chetty
Chintaman Deshmukh
A. D. Shroff

(p. 2.)

IRAN
Taghi Nassr
A. H. Ebtehaj
A. A. Daftary

IRAQ
Ibrahim Kamal
L. M. Swan
Ibrahim Al-Kabir
C. E. Loombe

LIBERIA
James E. Cooper

LUXEMBOURG
Hugues Le Gallais

MEXICO
Eduardo Suarez
Daniel Cosio Villegas

NETHERLANDS
J. W. Beyen
D. Crena de Iongh
A. H. Philipse
A. Andriesse
A. Bestebreurtje

PANAMA
Guillermo Arango
Narciso E. Garay

PARAGUAY
Celso R. Velazquez
Nestor M. Campos Ros

PERU
Andres F. Dasso
Juvenal Monge

PHILIPPINE COMMONWEALTH
Andres Soriano
Jaime Hernandez
Joseph H. Foley
Ismael Mathay

POLAND
Ludwik Grosfeld

UNION OF SOUTH AFRICA
M. H. de Kock
J. E. Holloway
W. C. Naude

NEW ZEALAND
- Walter Nash
- B. C. Ashwin
- A. G. B. Fisher
- E. C. Fussell
- B. R. Turner

NICARAGUA
- Leon DeBayle
- Guillermo Sevilla Sacasa
- J. Jesus Sanchez Roig

NORWAY
- Ole Colbjernsen
- Wilhelm Keilhau
- Arne Skaug

UNION OF SOVIET SOCIALIST REPUBLICS
- M. S. Stepanov
- N. F. Chechulin
- A. R. Arutiunian
- F. P. Bystrov

UNITED KINGDOM
- R. H. Brand
- Sir W. Eady

UNITED STATES OF AMERICA
- D. Acheson

URUGUAY
- Mario La Gamma Acevedo
- Hugo Garcia

VENEZUELA
- No delegation

YUGOSLAVIA
- Vladimir Rybar

Commission II

Committee 1

Chairman—J. W. Beyen (Netherlands)
Reporting Delegate—Luis D. Tinoco Castro (Costa Rica)
Secretary—J. P. Young
Assistant Secretary—Janet Sundelson

AUSTRALIA
- Leslie G. Melville
- James B. Brigden
- Frederick H. Wheeler
- Arthur H. Tange

BELGIUM
- Baron Rene Boel

BOLIVIA
- No designation

BRAZIL
- Eugenio Gudin

CANADA
- W. A. Mackintosh
- W. A. Tucker

CHILE
- Luis Alamos

CHINA
- Te-Mou Hsi

COLOMBIA
- No designation

COSTA RICA
- No designation

CUBA
- Ramiro Guerra
- Garcia Montes
- Eduardo Durruthy

EL SALVADOR
- Agustin Alfaro Moran
- Victor Manuel Valdes
- Raul Gamero

ETHIOPIA
- Blatta Ephrem T. Medhen

FRENCH DELEGATION
- A. Istel
- J. de Largentaye
- R. Mosse

GREECE
- K. Varvaressos

GUATEMALA
- Manuel Noriega Morales

HAITI
- Andre Liautaud

HONDURAS
- No designation

ICELAND
- A. Asgeirsson

INDIA
- A. J. Raisman
- Theodore E. Gregory
- Shanmukham Chetty
- Chintaman Deshmukh
- A. D. Shroff

CZECHOSLOVAKIA
Ervin Hexner
Jan Mladek
Ernest Sturc

DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez

ECUADOR
E. F. Carbo
S. E. Duran Ballen

EGYPT
Sanny Lackany Bey
Mahmoud Saleh El Falaky
Ahmed Selim

IRAN
No designation

IRAQ
Ibrahim Kamal
L. M. Swan
Ibrahim Al-Kabir
C. E. Loombe

LIBERIA
James E. Cooper

LUXEMBOURG
Hugues Le Gallais

MEXICO
Daniel Cosio Villegas
Victor L. Urquidi

(p. 2.)

NETHERLANDS
J. W. Boyen
A. H. Philipse
J. J. Polak
D. Crena de Iongh
A. Andriesse

NEW ZEALAND
Walter Nash
B. C. Ashwin
A. G. B. Fisher
E. C. Fussell
B. R. Turner

NICARAGUA
J. Jesus Sanchez Roig
Guillermo Sevilla Sacasa
Leon DeBayle

NORWAY
No designation

PANAMA
Guillermo Arango
Narciso E. Garay

PARAGUAY
No designation

PERU
Pedro G. Beltran
Andres F. Dasso
Juvenal Monge
Emilio G. Barreto

PHILIPPINE COMMONWEALTH
Andres Soriano
Joseph H. Foley

POLAND
Leon Baranski
Z. Karpinski
M. Heilperin
W. Malinowski

UNION OF SOUTH AFRICA
No designation

UNION OF SOVIET SOCIALIST REPUBLICS
A. Morozov
E. Bystrov
P. Titov

UNITED KINGDOM
L. C. Robbins
A. W. Snelling

UNITED STATES OF AMERICA
Sen. C. W. Tobey
Mabel Newcomer
Sen. R. F. Wagner
E. A. Goldenweiser
N. T. Ness
I. Lubin

URUGUAY
Mario La Gamma Acevedo

VENEZUELA
No designation

YUGOSLAVIA
Vladimir Rybar

Commission II

Committee 2

Chairman—Eduardo Montoulieu I. (Cuba)
Reporting Delegate—Frederick H. Wheeler (Australia)
Secretary—J. H. Bitterman
Assistant Secretary—Ruth Russell

AUSTRALIA
- Leslie G. Melville
- James B. Brigden
- Frederick H. Wheeler
- Arthur H. Tange

BELGIUM
- Georges Theunis

BOLIVIA
- No designation

BRAZIL
- Francisco Alves dos Santos Filho

CANADA
- L. Rasminsky
- Lionel Chevrier

CHILE
- German Riesco

CHINA
- Tsu-Yee Pei

COLOMBIA
- No designation

COSTA RICA
- No designation

CUBA
- Garcia Montes
- Eduardo Durruthy
- Felipe Pazos

CZECHOSLOVAKIA
- Jan Mladek
- Antonin Basch

DOMINICAN REPUBLIC
- Anselmo Copello
- J. R. Rodriguez

ECUADOR
- E. F. Carbo
- S. E. Duran Ballen

EGYPT
- Sanny Lackany Bey
- Mahmoud Saleh El Falaky
- Ahmed Selim

EL SALVADOR
- Agustin Alfaro Moran
- Raul Gamero
- Victor Manuel Valdes

ETHIOPIA
- George A. Blowers

FRENCH DELEGATION
- Andre Istel
- Robert Mosse
- Jean de Largentaye

GREECE
- Kyriakos Varvaressos

GUATEMALA
- Manuel Noriega Morales

HAITI
- Andre Liautaud

HONDURAS
- No designation

ICELAND
- Sveinbjorn Frimannsson

INDIA
- A. J. Raisman
- Theodore E. Gregory
- Shanmukham Chetty
- Chintaman Deshmukh
- A. D. Shroff

IRAN
- No designation

IRAQ
- Ibrahim Kamal
- L. M. Swan
- Ibrahim Al-Kabir
- C. E. Loombe

LIBERIA
- William E. Dennis

LUXEMBOURG
- Hugues Le Gallais

MEXICO
- Antonio Espinosa de los Monteros
- Rodrigo Gomez

(p. 2)

NETHERLANDS
- D. Crena de Iongh
- A. Andriesse
- A. Bestebreurtje

NEW ZEALAND
- E. C. Fussell
- A. G. B. Fisher
- B. C. Ashwin
- B. R. Turner

NICARAGUA
- Guillermo Sevilla Sacasa
- Leon DeBayle
- J. Jesus Sanchez Roig

NORWAY
- No designation

PANAMA
- Guillermo Arango
- Narciso E. Garay

PARAGUAY
- No designation

PERU
- Alberto Alvarez Calderon
- Juvenal Monge

PHILIPPINE COMMONWEALTH
- Andres Soriano
- Joseph H. Foley

POLAND
- Leon Baranski
- S. Kirkor

UNION OF SOUTH AFRICA
- No designation

UNION OF SOVIET SOCIALIST REPUBLICS
- N. Chechulin
- A. Smirnov
- A. Borisov
- Mrs. L. Gouseva

UNITED KINGDOM
- R. H. Brand
- Sir W. Eady
- D. H. Robertson
- G. L. F. Bolton
- H. E. Brooks

UNITED STATES OF AMERICA
- L. T. Crowley
- E. E. Brown
- M. S. Eccles
- H. D. White
- A. H. Hansen
- W. Louchheim, Jr.
- W. Pierson
- E. M. Bernstein
- A. F. Luxford

URUGUAY
- Mario La Gamma Acevedo

VENEZUELA
- No designation

YUGOSLAVIA
- Vladimir Rybar

Commission II

Committee 3

Chairman—Miguel Lopez Pumarejo (Colombia)
Reporting Delegate—M. H. de Kock (Union of South Africa)
Secretary—Mordecai Ezekiel
Assistant Secretary—Captain William L. Ullmann

AUSTRALIA
- Leslie G. Melville
- James B. Brigden
- Frederick H. Wheeler
- Arthur H. Tange

BELGIUM
- B. S. Chlepner

BOLIVIA
- No designation

BRAZIL
- Francisco Alves dos Santos Filho

EL SALVADOR
- Agustin Alfaro Moran
- Victor Manuel Valdes
- Raul Gamero

ETHIOPIA
- George A. Blowers

FRENCH DELEGATION
- J. de Largentaye
- R. Aglion

GREECE
- Alexander Argyropoulos
- Kyriakos Varvaressos

CANADA
J. J. Deutsch
CHILE
Arturo Maschke
CHINA
Ts-Liang Soong
COLOMBIA
No designation
COSTA RICA
No designation
CUBA
Miguel Pirez
Luis Machado
Juan Menocal
CZECHOSLOVAKIA
Antonin Basch
Ernest Sturc
DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez
ECUADOR
S. E. Duran Ballen
E. F. Carbo
EGYPT
Sanny Lackany Bey
Mahmoud Saleh El Falaky
Ahmed Selim
GUATEMALA
Manuel Noriega Morales
HAITI
Andre Liautaud
HONDURAS
No designation
ICELAND
M. Sigurdsson
INDIA
Chintaman Deshmukh
Theodore Gregory
IRAN
No designation
IRAQ
Ibrahim Kamal
L. M. Swan
Ibrahim Al-Kabir
C. E. Loombe
LIBERIA
Walter E. Walker
LUXEMBOURG
Hugues Le Gallais
MEXICO
Antonio Espinosa de los Monteros
Rodrigo Gomez

(p. 2)

NETHERLANDS
J. W. Beyen
H. Riemens
NEW ZEALAND
A. G. B. Fisher
E. C. Fussell
C. B. Ashwin
B. R. Turner
NICARAGUA
Leon DeBayle
Guillermo Sevilla Sacasa
J. Jesus Sanchez Roig
NORWAY
No designation
PANAMA
Guillermo Arango
Narciso E. Garay
PARAGUAY
No designation
PERU
Alberto Alvarez Calderon
Juan Chavez
UNION OF SOUTH AFRICA
No designation
UNION OF SOVIET SOCIALIST REPUBLICS
I. Slobin
M. Idashkin
N. Cheklin
UNITED KINGDOM
Sir W. Eady
W. E. Beckett
G. L. F. Bolton
R. T. G. Miles
UNITED STATES OF AMERICA
Rep. J. P. Wolcott
Rep. B. Spence
Judge F. M. Vinson
B. Cohen
G. Luthringer
A. F. Luxford
URUGUAY
Hugo Garcia
VENEZUELA
No designation

PHILIPPINE COMMONWEALTH
Jaime Hernandez
Ismael Mathay
POLAND
Janusz Zoltowski
M. Heilperin
YUGOSLAVIA
Vladimir Rybar

Commission II

Committee 4

Chairman—Sir Chintaman D. Deshmukh (India)
Reporting Delegate—Leon Baranski (Poland)
Secretary—Henry Edmiston
Assistant Secretary—Colonel Charles M. Dyson

AUSTRALIA
Leslie G. Melville
James B. Brigden
Frederick H. Wheeler
Arthur H. Tange
BELGIUM
Joseph Nisot
BOLIVIA
No designation
BRAZIL
Valentim Bouças
CANADA
A. F. W. Plumptre
CHILE
Fernando Mardones
CHINA
Kuo-Ching Li
COLOMBIA
No designation
COSTA RICA
No designation
CUBA
Juan M. Menocal
Miguel Pirez
Luis Machado
CZECHOSLOVAKIA
Josef Hanc
Ernest Sturc
DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez
ECUADOR
Sixto E. Duran Ballen
Esteban F. Carbo
EGYPT
Sanny Lackany Bey
Mahmoud Saleh El Falaky
Ahmed Selim
FRENCH DELEGATION
Raoul Aglion
Jean de Largentaye
GREECE
Athanase Sbarounis
Kyriakos Varvaressos
GUATEMALA
Manuel Noriega Morales
HAITI
Andre Liautaud
HONDURAS
No designation
ICELAND
Magnus Sigurdsson
INDIA
Chintaman Deshmukh
Theodore E. Gregory
IRAN
No designation
IRAQ
Ibrahim Kamal
L. M. Swan
Ibrahim Al-Kabir
C. E. Loombe
LIBERIA
James F. Cooper
LUXEMBOURG
Hugues Le Gallais
MEXICO
Victor L. Urquidi
NETHERLANDS
C. H. Schoch
A. Broches
NEW ZEALAND
B. C. Ashwin
E. C. Fussell
A. G. B. Fisher
B. R. Turner

EL SALVADOR
- Agustin Alfaro Moran
- Raul Gamero
- Victor Manuel Valdes

ETHIOPIA
- Blatta Ephrem T. Medhen

NICARAGUA
- J. Jesus Sanchez Roig
- Leon DeBayle
- Guillermo Sevilla Sacasa

(p. 2)

NORWAY
- No designation

PANAMA
- Guillermo Arango
- Narciso E. Garay

PARAGUAY
- No designation

PERU
- Manuel B. Llosa
- Alberto Alvarez Calderon

PHILIPPINE COMMONWEALTH
- Jaime Hernandez
- Ismael Mathay

POLAND
- Stanislaw Kirkor
- Z. Karpinski
- W. Malinowski

UNION OF SOUTH AFRICA
- No designation

UNION OF SOVIET SOCIALIST REPUBLICS
- A. Arutiunian

UNITED KINGDOM
- N. B. Ronald
- W. E. Beckett
- J. W. Russell

UNITED STATES OF AMERICA
- Rep. B. Spence
- D. Acheson
- O. Cox
- E. Arnold
- E. G. Collado

URUGUAY
- Hugo Garcia

VENEZUELA
- No designation

YUGOSLAVIA
- Vladimir Rybar

Commission III

Chairman—Eduardo Suarez (Mexico)
Vice Chairman—Mahmoud Saleh El Falaky (Egypt)
Reporting Delegate—A. G. B. Fisher (New Zealand)
Secretary—Orvis Schmidt

AUSTRALIA
- Leslie G. Melville
- James B. Brigden
- Frederick H. Wheeler
- Arthur H. Tange

BELGIUM
- Baron de Gruben

BOLIVIA
- No designation

BRAZIL
- Valentim Bouças
- Eugenio Gudin
- Octavio Bulhoes

CANADA
- W. A. Mackintosh
- L. Rasminsky
- A. F. W. Plumptre
- J. J. Deutsch

ECUADOR
- No designation

EGYPT
- Sanny Lackany Bey
- Mahmoud Saleh El Falaky
- Ahmed Selim

EL SALVADOR
- No designation

ETHIOPIA
- Blatta Ephrem T. Medhen

FRENCH DELEGATION
- Andre Istel
- Raoul Aglion
- Jean de Largentaye

GREECE
- Kyriakos Varvaressos
- Alexander Argyropoulos
- Athanase Sbarounis

CHILE
Luis Alamos
German Riesco
Arturo Maschke
Fernando Mardones
CHINA
Kuo-Ching Li
COLOMBIA
Sr. Victor Dugand
COSTA RICA
Fernando Madrigal
J. Rafael Oreamuno
CUBA
E. I. Montoulieu
Oscar Garcia Montes
Juan Menocal
Luis Machado
CZECHOSLOVAKIA
Ladislav Feierabend
Ervin Hexner
Antonin Basch
Josef Hanc
Jan Mladek
DOMINICAN REPUBLIC
Anselmo Copello
J. R. Rodriguez

GUATEMALA
Manuel Noriega Morales
HAITI
Andre Liautaud
Pierre Chauvet
HONDURAS
Julian R. Caceres
ICELAND
Asgeir Asgeirsson
INDIA
A. J. Raisman
Theodore E. Gregory
Shanmukham Chetty
Chintaman Desmukh
A. D. Shroff
IRAN
A. A. Daftary
Hosein Navab
IRAQ
Senator Ibrahim Kamal
L. M. Swan
Ibrahim Al-Kabir
Claude E. Loombe

(p. 2)

LIBERIA
Walter F. Walker
LUXEMBOURG
Hugues Le Gallais
MEXICO
Eduardo Suarez
Rodrigo Gomez
Antonio Espinosa de los Monteros
Daniel Cosio Villegas
Victor L. Urquidi
NETHERLANDS
J. W. Beyen
D. Crena de Iongh
NEW ZEALAND
Walter Nash
Bernard Carl Ashwin
Edward C. Fussell
Bruce R. Turner
NICARAGUA
J. Jesus Sanchez Roig
Guillermo Sevilla Sacasa
Leon DeBayle
NORWAY
No designation

Andres F. Dasso
Alberto Alvarez Calderon
Juvenal Monge
PHILIPPINE COMMONWEALTH
Andres Soriano
Jaime Hernandez
Joseph H. Foley
Ismael Mathay
POLAND
L. Grosfeld
Leon Baranski
UNION OF SOUTH AFRICA
S. F. N. Gie
J. E. Holloway
M. H. de Kock
W. C. Naude
UNION OF SOVIET SOCIALIST REPUBLICS
I. D. Slobin
M. M. Idashkin
UNITED KINGDOM
R. H. Brand
N. B. Ronald

PANAMA
Guillermo Arango
Narciso E. Garay
PARAGUAY
Celso R. Velazquez
Nestor M. Campos Ros
PERU
Pedro G. Beltran
UNITED STATES OF AMERICA
Senator Robert F. Wagner
URUGUAY
Mario La Gamma Acevedo
Hugo Garcia
VENEZUELA
No designation
YUGOSLAVIA
Vladimir Rybar

Document 249

CI/AH/RP1

Report of Ad Hoc Committee of Commission I on Voting Arrangements and Executive Directors.

The Committee met in room B at 4 p.m., July 8 and at 9 p.m., July 9 in room A; Dr. de Souza Costa presided at the sessions. Representatives of Brazil, Belgium, Netherlands, Cuba, France, the United Kingdom, the United States, the Union of Soviet Socialist Republics, and Czechoslovakia were present at the meetings.

The Committee considered at length the various points relating to paragraph 2 of the "Final Alternative Submitted by Special Sub-committee Appointed (by Committee 3, Commission I) to Consider all Proposals Relative to the Executive Directors." No agreement being reached, the Committee was adjourned pending the availability of further information regarding quotas.

7/10/44

Document 250

DP/13

United Kingdom Delegation Memorandum to Commission I

The following proposed comprehensive text on the capacities and immunities of the Fund is submitted with the following objects in view:—

(a) To facilitate discussion and ultimate drafting by gathering together related text now appearing on separate pages. It is designed to replace the following documents: Doc. 32 p. 33

Items 1, 2, 3*, Doc. 120 p. 41; Doc. 32 p. 43; Doc. 194 p. 43(e) and to fill up the gap left by the note on Doc. 120 p. 41 which simply refers to other matters to be specified later.

(b) To facilitate acceptance by expressing the principles as shortly and simply as possible and to avoid technical words having different meanings in different legislations. As stated in paragraph 11 it is understood that each member of Fund will translate these principles into suitable form to give effect to them under its own law.

(c) To take account of the experience of the past in connexion with the League of Nations and the I.L.O. and the recent agreements relating to UNRRA and the F.A.O. The different functions with which various public international organisations are entrusted render *complete* uniformity in this matter impracticable and it is undesirable to create precedents by conferring on any given international organisation privileges or immunities which it does not really require for the proper fulfilment of its functions. Nevertheless, subject to these limitations as much uniformity is desirable as is practicable.

In order to fulfil the functions with which it is entrusted, the following attributions, immunities and privileges shall be accorded to the Fund in the territory of each member:—

1. The Fund shall be accorded the attributions of full juridical personality and in particular:—
   (a) the power to contract:
   (b) the power to acquire and dispose of immovable and movable property:
   (c) the power to institute legal proceedings.

(p. 2) 2. The Fund shall enjoy immunity from legal process instituted against it except when it waives its immunity for the purpose of any proceedings or by the terms of any contract.

3. Property and assets of the Fund shall be immune from any form of attachment or seizure as the result of any juridical process.

4. Property and assets of the Fund shall be immune from requisition, confiscation, expropriation or any other form of seizure by executive action whether under legislation or otherwise.

5. The archives of the Fund shall be inviolable.

6. All Governors, Executive Directors, Officials and Employees of the Fund shall be exempt from legal process with respect to

*It is understood that points (4) and (5) of Doc. 32 p. 33 will be included in Article VII (Management).

acts performed by them in their official capacity except when the Fund waives this immunity.

7. The Governors, Executive Directors, Officials and Employees of the Fund 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 to the representatives, officials, and employees of comparable rank of other members.

8. The official correspondence of the Fund shall be accorded the same treatment as the official correspondence of other members.

9. The same treatment in respect of travelling facilities shall be granted to the Governors, Executive Directors, Officials and Employees of the Fund as is granted to representatives and officials and employees of comparable rank of other members.

10. The following immunities shall be granted in the matter of taxation:—

(a) No tax or duty of any kind shall be levied on the Fund in the territory of any member; this provision does not apply to indirect taxes or duties which may be regarded as a charge for services rendered.

(b) No duties shall be levied on gold imported or exported by the Fund or other goods so imported or exported for the purpose of carrying on its activities including goods required for the equipment of its offices.

(c) No tax shall be levied on salaries and emoluments paid by the Fund to Executive Directors, Officials or Employees of the Fund who are not local nationals.

(d) 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) which is applied solely on the basis of the place or currency in which it is issued, made payable or paid or solely on the basis of the location (p. 3) of any office or place of business maintained by the Fund.

11. It is understood that the above provisions of this section are expressed as principles and it is for each member to take such action as is necessary in its own territory for the purpose of expressing and making effective these principles in the terms of its own law. Each member shall inform the Fund of the detailed action which it has taken to grant the capacities, exemptions and immunities provided for in this section.

749013—48—28

Document 251

DP/14

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

Speech of Mr. A. D. Shroff, Delegate for India

Made Before Committee 1 of Commission I on July 6, 1944, Supporting the Egyptian Amendment to Article I, "Purposes and Policies of the Fund"

I am in entire accord with Alternative H moved by the delegate for Egypt. In principle, it is the same as Alternative G which was moved the other day by the Leader of my Delegation, though our Alternative was more modestly worded. I am very sorry to say that the manner in which the proposal of the India Delegation was received by this Committee and the very casual fashion in which it was disposed of have caused serious disappointment to this side of the Committee. In general, two criticisms of the Indian proposal were made on behalf of the U.S.A. and the U.K. Delegations. The delegate from the U.S.A. raised the objection that if the foreign credit balances accumulated during the war were to be given multilateral convertibility through the Fund, they would unduly overload the Fund. The United Kingdom delegate put forth the view that this was a matter for bilateral arrangement between the parties and interests concerned. I should like to make it very clear that so far as India is concerned public opinion and feeling on this question have not only been unanimous but extremely strong and unless some method is devised to facilitate the solution of what is an extremely important matter for us the ultimate attitude of our country towards the International Monetary Fund which is proposed to be established will be largely influenced by the decision of the Conference on this question. What is our position? Under the various provisions of the Joint Statement relating to foreign exchange resources and reserves of member countries, it appears that though we have four billion dollars worth of sterling balances, we have practically no foreign exchange reserves. I would also like the Committee to appreciate that what we visualise for the future of our country is in full consonance with the primary objectives of the International Monetary Fund, namely, the expansion and balanced growth of international trade and the attainment of a high level of employment and real income. I have heard it said several times at these meetings, and it was repeated this morning by the delegate from Brazil, that the settlement of current balances in international trade was the main if not the only objective of establishing the International Monetary Fund. Well, if that was so, why was the primary objective of economic policy defined in the Purposes of the Fund as the promotion and maintenance of a high level of employment and real income? We felt enthusiastic about the proposals for the International Monetary Fund as we hoped and believed that through international co-operation we would be enabled to build up our economy to a stage where (p. 2) we should make our own contribution towards the strengthening of the resources of the International Monetary Fund. During the war we have built up, as I have said, large foreign exchange balances in London and if we cannot make any use of them through the machinery of the International Monetary Fund I cannot comprehend how a country situated as we are can be enthusiastically interested in the establishment and operation of such a Fund. I plead for some constructive reply from the sponsors of the scheme that the machinery will assist us in the solution of this problem. Here you are creating an international monetary fund and you are entirely ignoring the existence of huge foreign balances. Are you not thereby creating at the same time a sort of rival to the Fund?

Mr. Chairman, I would like the Committee to bear with me for a few moments for a reference on this point to what was stated on the subject in the original United Kingdom proposals for an international clearing union as also in what is known as the White Proposals from the U. S. A. The delegate from Egypt has already drawn the attention of this Committee to these original proposals. I would particularly like to read paragraph 34 from the Keynes Proposals.

Paragraph 34 reads as under:—

> The position of abnormal balances in overseas ownership held in various countries at the end of the war presents a problem of considerable importance and special difficulty. A country in which a large volume of such balances is held could not, unless it is in a creditor position, afford the risk of having to redeem them in bancor on a substantial scale, if this would have the effect of depleting its bancor resources at the outset. At the same time, it is very desirable that the countries owning these balances should be able to regard them as liquid, at any rate over and above the amounts which they can afford to lock up under an agreed programme of funding or long-term expenditure. Perhaps there should be some special over-riding provision for dealing with the transitional period only by which, through the aid of the Clearing Union, such

balances would remain liquid and convertible into bancor by the creditor country whilst there would be no corresponding strain on the bancor resources of the debtor country, or at any rate, the resulting strain would be spread over a period.

Dr. Goldenweiser, the delegate from the U.S.A., mentioned that this item was excluded from the Joint State on the ground that it would unduly overload the Fund. I presume that he said this on the understanding that perhaps at the very outset of the Fund the entire amount of these foreign credit balances would be taken over by the Fund in one lump sum. This is (p. 3) not our case. We plead for the assistance of the Fund spread over a period of years to secure multilateral convertibility of at least a portion of our foreign balances. I say this because with the long standing relationship between India and the United Kingdom and the traditional commercial ties between the two countries, I take it that a large portion of our sterling balances will ultimately be utilised in obtaining capital goods from the United Kingdom. I appreciate and very greatly sympathise with the difficulties of the United Kingdom now and in the early post-war period owing to the unfortunate loss of valuable foreign investments, and, due to other difficulties, it is not likely that the United Kingdom will be in a position to reach a stage of free convertibility for sterling at an early date. On the other hand, our country is pulsating with hopes and aspirations of large scale industrial development to raise the standard of living of four hundred millions of our population. We cannot, therefore, be asked to wait indefinitely till the United Kingdom has reached a stage when sterling would be freely convertible into other currencies. We therefore want conversion at least of a portion of our balances into other foreign currencies.

Document 255 (233)

CI/4/RP3
(CI/4/RP2)

Second Report of Committee 4 of Commission I

DR. WILHELM KEILHAU, *Reporter*.

The second meeting of Committee 4 was held on July 5. The Committee adopted the same rules of procedure as had already been introduced for the other committees.

The Committee discussed the articles dealing with immunity and taxation exemption of the Fund, its Governors and staff. One of the delegations suggested that the Governors and staff of the Fund should enjoy "diplomatic status," but it was pointed out that if the Governors and functionaries of the Fund were given diplomatic status, they would, in reality, be placed in a better position than persons belonging to any country's diplomatic service. The fact is that the diplomats and the diplomatic staffs are responsible to their governments which have every power to act against them if they commit any trespasses, whilst the Governors and the staff of the Fund will be responsible to an international body with no power of jurisdiction. The suggestion was withdrawn.

The discussions revealed that a number of complicated legal questions were connected with the substance of Article IX, Section 7 (page 43a), and it was resolved to refer these questions to a special subcommittee to be appointed by the Chair. As members of that subcommittee were chosen the delegates from Cuba, Norway, Union of Soviet Socialist Republics, United Kingdom and the United States of America, with the delegate of the United States as Chairman. As members of the "asterisk" committee were chosen the same delegates with the addition of the delegates from China, Ecuador and Poland. The delegate from Cuba was appointed Chairman of the asterisk committee. Consequently, these two committees were able to join in a final meeting.

The work of the subcommittees as well as that of the whole Committee encountered one difficulty of a particularly theoretical character, as it proved to be rather difficult to find legal expressions which meant quite the same thing in the legal systems of the Anglo-Saxon powers as they mean in the legal systems of most other countries. Accordingly, the discussions, and, in particular, those of the subcommittee on Article IX, Section 7, had to concentrate on a number of legal points, but I daresay that we at last succeeded in finding formulations which were deemed satisfactory by the representatives of all nations participating. The final drafts of the two subcommittees were placed before the fifth meeting of the Committee, held on Saturday, the 8th of July, and adopted. At the end of that meeting the Committee had dealt with all provisos contained in the material which, until then, had been made available. The Committee has even done more. The fact is that most questions concerning form and status of the Fund will be identical with the same questions in relation to the Bank, and I should think that the solutions found and elaborated by the Committee for the Fund may be applied to the Bank with very slight and unimportant alterations.

If I am not mistaken, I have to report only one disagreement on substance. It refers to Article VIII, Section 1. The Australian delegation will bring before the Commission Alternative B (Document 32, page 34), to the effect that "a member country may withdraw from the (p. 2) Fund by giving notice in writing, and the right of withdrawal shall not be prejudiced by membership of the Fund being made a condition of membership of any other international body." The other delegates who partook in the discussion, declared that the proposal could not be accepted, because the Fund was not in a position to dictate to other international bodies what policy such bodies might find it appropriate to adopt. Against this observation, the Australian delegation remarked that their proposal would act as a recommendation from the Fund to other international bodies, and that it would be up to these bodies to attach the right importance to such recommendation. The Australian delegation firmly wished the inclusion of the proviso because the whole system of the Fund was such that an immediate and unconditional withdrawal was left as the only means of securing the sovereignty rights of member countries in case of serious conflicts with the Fund.

As the various proposals of Committee 4 have been distributed to all members of Commission I, I do not find it appropriate in this short report to comment upon them in any detail. I should only like to draw the attention of the members to the nature of the problem which we have tried to solve by the provisos in Article XII, Section 1, (a), (b), and (c) (Document #198, to substitute for Page 46a). This problem consisted in keeping disputes concerning the interpretation of the Agreement between the Fund and any member country, within the setup of the Fund itself, but, at the same time, to secure for the member in question privileges of fair treatment. I think that members, when they read our proposals, will acknowledge that we have succeeded in finding a workable solution. If a conflict should end in the withdrawal of the member country, or disputes between member countries and the Fund should arise after its possible liquidation, we have drafted rules of arbitration. We have found it necessary that the Convention itself prescribe the composition of the tribunal of arbitration. We propose that each party should appoint one member and that the umpire, unless the parties otherwise agree, shall be appointed by the President of the Permanent Court of International Justice.

Document 256

CIII/A/1

Additional page on CIII/A

Report submitted to Commission III by the Agenda Committee Appointed to Receive and Consider Proposals Submitted for Consideration in Commission III

(To be presented at meeting of Commission III, July 10)

11. Proposal for the use of a gold unit in keeping the books of the Fund and the Bank, submitted by the Norwegian Delegation:

The United Nations Monetary and Financial Conference recommends that the books of the International Monetary Fund and the Bank for Reconstruction and Development shall be kept in a special international bookkeeping monetary unit, called (say) Demos, being defined as the equivalent of a certain gold weight. The Conference has no objection to the earlier American proposal to make that monetary unit equal in value to 137-1/7 grains of fine gold, or the equivalent of 10 Dollars in the present gold value of United States currency.

The Agenda Committee recommends that this proposal be referred to Committee 3 on Recommendations on Economic and Financial Policy, the Exchange of Information, and Other Means of Financial Cooperation.

Document 264

DP/15

Statement by the Cuban Delegation on Article III, Section 2 (c)

The Cuban Delegation has considered with the greatest care the Australian and French Alternatives to Article III, Section 2 (c) of the Joint Statement, providing more flexibility to the use by member countries of the Fund's resources, in order to meet the special needs of raw materials producing countries and of devastated nations.

The Cuban Delegation is in sympathy with the objectives pursued by the Australian and French Delegations. Cuba is one of the countries that may need to draw relatively larger quantities of foreign exchange from the Fund if her foreign trade behaves in the future with the same pattern as in the past. If the Cuban Delegation considered that the Fund would be able to meet the special needs of raw material producing countries, it would be very eager to indorse this policy, because Cuba is vitally interested in the stabilization of world markets.

But the Cuban Delegation fears that the Fund is not able to meet this task. Examining the problem from the point of view of its own particular case, it finds the Fund resources utterly insufficient to fulfill its needs. If a drop in the sugar market prices, similar to those which occurred in the '20's and '30's, should recur, resulting in a reduction of 40 or 50% of Cuba's foreign trade, the facilities that we could obtain from the Fund, even if we were able to use our entire quota, would be very far from sufficient to avoid a downfall of the Cuban economy. In the absence of an international price stabilization scheme, the Fund resources seem to be utterly insufficient to compensate for the fluctuations of international trade.

The Cuban Delegation fears that burdening the Fund with the task of meeting the enormous needs of devastated countries for reconstruction and the special requirements of raw materials exporting countries, might place an excessive strain on the Fund, jeopardizing its specific purposes of monetary stabilization without accomplishing the foregoing objectives. To accomplish the reconstruction task, the present Conference is contemplating the establishment of an International Bank for Reconstruction and Development. To stabilize the prices of staple commodities, international arrangements other than those under consideration by this Conference, must be provided.

Therefore, the Cuban Delegation considers that the Fund resources must be administered carefully and conservatively in accordance with the provisos of Alternative A, in order that it may better accomplish its specific task of short range monetary stabilization. The financing of reconstruction must be left to the International Bank and price stabilization to another international agency created for this purpose.

As price stabilization has not been contemplated in this Conference, the Cuban Delegation wants to state very clearly and definitely that if prices of staple commodities are not stabilized the purposes of monetary stabilization cannot be attained, and henceforth deems it essential that an international conference on commercial policy and commodity arrangements be convened.

Document 265

DP/16

Proposal of the Bolivian Delegation to Commission III of the United Nations Monetary and Financial Conference

WHEREAS the full and efficient development of all countries is the prerequisite of an expanding economy;

WHEREAS a vastly increased purchasing power in the economic areas over which the produce of the industrialized powers must find its outlet is one of the fundamental elements of future prosperity and well-being;

WHEREAS such an increased purchasing power can only be obtained if the raw materials of countries importing finished products can be sold abroad under conditions and at prices capable of maintaining a high level of domestic productivity;

WHEREAS the success and stability of such international mechanisms of economic cooperation, such as the Monetary Fund, will be further insured if supported by policies of international cooperation in other fields of economic activity;

BE IT RESOLVED that the United Nations Monetary and Financial Conference recommends the adoption by its members of the following principles in their international trade policies:—

1.—Whenever contracts have been entered into covering the purchase and delivery of certain materials supporting the economy of the supplying country, the expiration of said contracts should be a matter of mutual concern, and policies should be devised to arrange for the orderly and gradual termination of those contracts in a manner designed to avoid serious disruptions in the economy of the supplying country;

2.—The development and use of synthetic products and of substitute materials should not be encouraged by the granting of subsidies, or of any other protective fiscal policy such as high import duties, et cetera. However, if materials of this type have already been developed and are in use, all conditions being equal, the natural product should always be preferred;

3.—Cooperation in the organization and implementation of International Commodity Agreements designed to maintain fair and stable prices, and provision for the orderly distribution of raw materials throughout the world, whether or not a member country is a party to any such Agreement;

4.—Abstention from—except under abnormal political, social or economic circumstances—any form of trade barriers or discriminatory practices, such as import or export quotas, high tariffs, subsidies, et cetera.

Document 266

(p. 39b) SA/1/47

Alternative C

(Suggested as substitute for Article IX, Section 2, paragraph (b) p. 39)

Each member undertakes, through appropriate measures authorized under this Agreement, not to permit within its jurisdiction an appreciation or depreciation of the exchange value of its own currency in terms of gold beyond the range prescribed under (a) above. It is understood, however, that this provision does not affect bonuses paid by a producing country to promote gold production within its territory, or taxes collected on domestic gold production or domestic gold transactions. A member whose monetary authorities in fact freely buy and sell gold within the prescribed range, to settle international transactions, shall be deemed to be fulfilling this undertaking.

7/10/44 J.S. Art. IX
Section 2

Document 267

CI/M/3

Minutes of Third Meeting of Commission I

International Monetary Fund

(July 10, 1944, 11:30 a.m.)

The Chairman announced that the reports of the four Committees were now before the Commission (Documents Nos. 233, 234, 238, and 239) and that it would be necessary for the *ad hoc* committees and drafting committees of Commission I to finish their work by Wednesday night so that they could report to the next meeting to be held on Thursday. The Commission authorized the Chairman to appoint a drafting committee to deal with all items previously agreed upon in the Committees (listed in column 1 of Document #240, "Status of Committee Assignments"). The membership of the drafting committee is announced in the *Journal* for July 11. The items in columns 2 and 4 of Document #240 are to be reported to Commission I on Thursday.

The Commission then proceeded to discussion of the items in column 3 of Document #240 which had been referred by the Committees to the Commission for decision.

With regard to Alternatives G, H, and K to article I (pp. 1c, 1d, 1g), the Delegate from India urged the adoption of Alternative K. Members of the United States, United Kingdom, and French Delegations expressed the view that the proposal was not appropriate for the operations of the Fund. The Chairman found the consensus to be that Alternatives G, H, and K were not accepted by Commission I.

The Commission next considered article II, Alternatives B (p. 2a) and C and D (p. 4a). Since the *ad hoc* Committee on Special Problems of Liberated Countries was currently considering these items, they were left for later report.

Article IX, section 4 (p. 40), was referred to an *ad hoc* committee of Commission I to include representatives of Committees 1 and 2.

After a brief exposition by the Reporter of Committee 2, article IV, section 5, Uniform Changes in Par Values (pp. 18, 18a, and 18b), was referred to a special *ad hoc* committee to be appointed by the Chairman and to include representation of Committees 2 and 3.

Alternatives C and D to article III, section 11, on Furnishing Information (pp. 14c, 14d, 14e) were referred to an *ad hoc* subcommittee of Committee 3 for reconciliation. (Subsequently it was agreed that the *ad hoc* committee should report directly to the Commission.)

(p. 2) After discussion of article VII, as amended by Document #212, most of which had already been accepted by Committee 3, section 3 of Document #212 (Amendment to Article VII) was accepted by the Commission in the sense that alternate directors are to be appointed by their principals.

The question of depositories, article VII, section 6(b) (pp. 29, 29a, 29b), was then discussed and referred to an *ad hoc* committee to report back to Commission I.

Document 268

(p. 48)

JOURNAL

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

No. 11 Bretton Woods, New Hampshire July 11, 1944

ORDER OF THE DAY

Meetings for Tuesday, July 11

10 a.m.	Committee 3 of Commission I	The Hemicycle
10:30 a.m.	*Ad Hoc* Committee on Liberated Countries	Room A
11:30 a.m.	Drafting Committee of Commission I	Room B
2:30 p.m.	Committee 2 of Commission I	The Hemicycle
4 p.m.	Commission II	Auditorium
6 p.m.	*Ad Hoc* Committee on Relations With Non-Member Countries	Room B

(p. 49)

RÉSUMÉS OF COMMISSION MEETINGS

Commission I

International Monetary Fund

(*July* 10, 11:30 *a.m.*)

At the opening of the third meeting of Commission I on July 10 at 11:30 a.m., the Chairman stated that all the Committees of Commission I should finish their work by Wednesday night in order to be able to report to the Commission on Thursday. The Chairman was authorized to appoint a drafting committee of Commission I to deal with agreed items listed in column 1, Document 240. Items in columns 2 and 4 will be reported to the Commission on Thursday.

Alternatives G, H, and K, article I (pp. 1c, 1d, 1g), were rejected by the Commission.

Alternative B (p. 2a) and Alternatives B and C (p. 4a) to article II were referred back to the *ad hoc* committee of Commission I.

The Chairman was authorized to appoint an *ad hoc* committee of Commission I to consider section 4 of article IX (p. 40).

Article IV, section 5 (pp. 18, 18a, 18b), was referred to an *ad hoc* committee of Commission I.

Alternatives C and D to article III, section 11 (pp. 14c, 14d, 14e), were then discussed and referred to an *ad hoc* subcommittee of Committee 3 for reconciliation. (Subsequently it was agreed that the *ad hoc* committee should report directly to the Commission.)

After consideration of section 3 of Document 212 amending article VII, the Commission accepted the proposal that alternate executive directors are to be appointed by their principals.

Article VII, section 6b (pp. 29, 29a, 29b), was referred to an *ad hoc* committee to report back to Commission I.

(The minutes of this meeting are being distributed separately as document No. 267.)

(p. 50)

Commission III

Other Measures for International Monetary and Financial Cooperation

(*July* 10, 5 *p.m.*)

At a meeting held at 5 p.m. on July 10 Commission III received the report of its Agenda Committee.

In accordance with the recommendation of the Agenda Committee, the Commission appointed three *ad hoc* committees to consider the proposals received and to make recommendations to the full Commission with respect to the following general fields:

(1) The Use of Silver for International Monetary Purposes
(2) Enemy Assets, Looted Property, and Related Matters
(3) Recommendations on Economic and Financial Policy, the Exchange of Information, and Other Means of Financial Cooperation

(The minutes of this meeting are being distributed separately as document no. 279.)

(p. 51)

Corrigenda and Reservations to the Minutes of Committees of Commission I

(1) By the United Kingdom Delegation:

"The U.K. Delegation present their compliments to the Secretary-General and have the honour to point out that no reference was made in C.I.3, Status of Commission I's Committee Assignments, or in C.I/4/R.P.2, Second Report of Committee 4 to the fact that the U.K. Delegation had felt it necessary to reserve their views in regard to the draft of Article IX.7.(a) and (c) as submitted to Commission I, relating to the immunities to be conferred on the Fund. There was no convenient opportunity to draw attention to this point orally at this morning's meeting of Commission I. If necessary it can be raised at the next meeting of the Commission.

"10th July 1944."

(2) By the Peruvian Delegation:

"10th July 1944."

"The Peruvian Delegation makes the following statement to the Conference through the Office of the Secretary General with regard to certain provisions of existing Peruvian legislation:

"'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 to be encumbered, mortgaged or given as a guarantee, 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 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 eventual liability of Peru if it ceases to be a member or if the Fund is liquidated.'

"The above would be a reservation, which the Peruvian Delegation would feel bound to make, in due course, if the provisions in the Draft Agreement of the Fund were to be approved by the Conference as they stand at present.

"JUAN CHÁVEZ, *Delegate*."

(p. 52)

(3) By the Australian Delegation:

"10th July, 1944.

"With reference to Alternative B (Document 32, page 34) submitted by the Australian Delegation and relating to Article VIII Section 1 — 'Withdrawal', I notice that the report on 'Status of Committee Assignments — Commission I' records that the language of Alternative A was accepted by Committee 4.

"I should like to advise you that the Australian Delegation reserves its position with regard to Alternative A, and wishes to have the opportunity of discussing this section of Article VIII in the full Commission.

"L. G. MELVILLE

"*Chairman*—Australian Delegation."

APPOINTMENTS OF COMMITTEES OF COMMISSION I

Pursuant to the action of Commission I at its meeting on July 10, the Chairman of Commission I announces the appointment of additional Committees of that Commission as follows:

Drafting Committee of Commission I

Canada, *Chairman*
China
French Delegation
Mexico
Netherlands
Union of Soviet Socialist Republics
United Kingdom
United States
Secretary: Leroy D. Stinebower

Ad Hoc Committee of Commission I on Article IV, Section 5 (Uniform Changes in Par Value)

French Delegation, *Chairman*
Brazil
Canada
Czechoslovakia
Mexico
Union of South Africa
Union of Soviet Socialist Republics
United Kingdom
United States
Secretary: Karl Bopp

Ad Hoc Committee of Commission I on Article VII, Section 6b (Depositories)

Peru, *Chairman*
Cuba
Czechoslovakia
French Declaration
Netherlands
Norway
Union of South Africa
Union of Soviet Socialist Republics
United Kingdom
United States
Secretary: H. J. Bittermann

(p. 53)

Ad Hoc Committee of Commission I on Article IX, Section 4 (Exchange Controls on Current Payments)

China, *Chairman*
Canada
Costa Rica
French Delegation
Greece
Iran
New Zealand
Union of Soviet Socialist Republics
United Kingdom
United States
Secretary: W. A. Brown, Jr.

NOTICE REGARDING "ORDER OF THE DAY"

The Secretariat is arranging to have the Order of the Day for the following morning and afternoon posted on the bulletin board in the Lobby each evening as soon as possible. It is anticipated that the notice can be posted usually at about 9 or 10 o'clock in the evening.

(p. 54)

List of Documents As of July 10, 1944

Subject	*Symbol*	*Doc.No.*
Journal No. 10	J/10	244
Preliminary Draft for the Bank (Basic Document on the Bank)	SA/3	245
Order of the Day, July 10	GD/28	246
Representation of Delegations on Commissions and Committees (Corrected Re-run of Doc. 201(156))	GD/29	247
News Bulletin No. 10		248
Report of *Ad Hoc* Committee of Commission I on Voting Arrangements and Executive Directors	CI/AH/RP1	249
United Kingdom Delegation Memorandum to Commission I	DP/13	250
Speech by Mr. A. D. Shroff, Indian Delegation, in Support of Egyptian Amendment to Article I, Purposes and Policies of the Fund, Committee 1, Commission I, July 6	DP/14	251
Press Release No. 21, Norwegian Proposals	PR/21	252
Press Release No. 23, Bolivian Proposal	PR/23	254
Corrected Copy of Second Report of Committee 4, Commission I	CI/4/RP3 (CI/4/RP2)	255 (233)
Additional Page to Report Submitted to Commission III by Agenda Committee	CIII/A/1	256
Press Release No. 22, Statement of United States Delegation to Commission I	PR/22	257
Press Release No. 24, Statement by Lord Keynes to Commission I	PR/24	258
Press Release No. 25, Statement by Mr. Shroff to Commission I	PR/25	259
Press Release No. 26, Statement by Mr. Istel to Commission I	PR/26	260
Press Release No. 27, Norwegian Proposal to Commission III, July 10	PR/27	262
News Bulletin No. 11		263

Subject	Symbol	Doc.No.
(p. 55)		
Statement by Cuban Delegation on Article III, Sec. 2(c)	DP/15	264
Proposal of Bolivian Delegation to Commission III	DP/16	265
Additional Page to SA/1 (p. 39b)	SA/1/47	266

Document 272

(p. 15f) SA/3/1

ARTICLE III (4)

Alternative J*

PART (1)

It is proposed that the following subdivision be added to Alternative A:

(6) In case of loans to be guaranteed by the Bank the loan agreement shall provide

(a) if the loan is made through the issuance of bonds:

(i) that a delay of ______ days in the servicing of the loan shall constitute a default;

(ii) that in case of default the Bank shall have the right to offer to purchase from the bondholders upon the expiration of sixty days from the date of the offer all outstanding bonds at par and interest accrued up to the end of the sixty days period;

(iii) that if the bank exercises this right it shall not be liable with respect to interest accruing after the expiration of the sixty days period;

(iiii) that the Bank shall have the right to limit the duration of its offer to purchase the bonds to five (ten?) years and that in such event the Bank's liability with respect to both principal and interest shall cease upon the expiration of the offer;

(iiiii) that the Bank shall have the right to declare any bonds

* For Preliminary Draft of Proposals for the Establishment of a Bank for Reconstruction and Development, to which this and following SA/3 alternative texts refer, see Doc. 245, p. 365.—EDITOR.

749013—48—29

which it has acquired pursuant to (ii), above, due and payable forthwith.

(b) if the loan is not made through the issuance of bonds:

(will be inserted later)

PART (2)

It is proposed that the following sentence be added to Alternative B, Part (2):

Loans of the type specified in the preceding sentence shall not, however, be made or guaranteed during the transition period, nor shall their aggregate amount exceed 10% of the paid in capital.

7/11/44

Art. III
Sec. 4
Alt. J

Document 273

(p. 20a) SA/3/2

ARTICLE IV (2)

Alternative C

It is proposed that Alternative B be amended by inserting in line 10, after the word "resources" the words:

over and above the currency and/or gold to be held available pursuant to Article III, section 3, Alternative B.

7/11/44

Art. IV
Sec. 2
Alt. C

Document 274

(p. 22e) SA/3/3

ARTICLE IV (4)

Alternative E

It is proposed to substitute the following for the first 7 words of Alternative A, Sub-division (a) (ii):

(ii) an annual commission on the amount outstanding at the beginning of each year at a rate...

7/11/44

Art. IV
Sec. 4
Alt. E

Document 275

(p. 24a) SA/3/4

Article IV
Alternative C

It is proposed to substitute the following for the first sentence of Alternative A:

In guaranteeing a loan placed through the usual investment channels, the Bank shall charge *an annual commission on the amount outstanding at the beginning of each year, at a rate fixed at one percent* in the first instance but alterable by the Bank from time to time at its discretion for new guarantees in the light of experience.

7/11/44

Art. IV
Sec. 6
Alt. C

Document 276

(p. 25a) SA/3/5

Article IV
Alternative B

It is proposed to substitute the following for the second sentence of Alternative A:

When there is any interruption in the service of a loan guaranteed by the Bank, it shall assume the service as long as it has not exercised its right of purchase pursuant to article III, section 4 (6).

Note: Article III, section 4 (6) is contained in Alternative J, Part (1), page 15f of document #272.

7/11/44

Art. IV
Sec. 7
Alt. B

Document 277

(p. 13a) SA/1/48

Combined Alternatives A and B

Section 10. *Charges and Commissions*

a. Any member buying the currency of any other member from the Fund in exchange for its own currency shall pay a service charge of ¾ of 1 per cent in addition to the parity price. The

Fund in its discretion may increase this service charge to not more than 1 per cent or reduce it to not less than ½ of 1 per cent.

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 prescribe charges uniform among members which shall be payable by any member on the amount of its currency held by the Fund in excess of its quota and shall not be less than the following per cent per annum:

i. *Amounts up to 25 per cent:* no charge during the first 3 months; ½ per cent per annum during the next nine months; and thereafter an increase in the charge of ½ per cent for each subsequent year.

ii. *Additional amounts:* on each additional bracket of 25 per cent an additional ½ per cent charge; and for each subsequent year an increase of ½ per cent in the charge levied on that bracket.

d. Minimum charges as determined above shall not exceed 5 per cent; but the Fund may in its discretion levy higher charges uniform among members. Whenever the charge applicable to any particular average amount for any particular period has reached the rate of 4 per cent per annum the Fund and the member shall then consider means by which the Fund's holdings of (p. 13b) the currency can be reduced, and failing agreement the Fund may impose such charges as it deems appropriate.

e. All charges and commissions shall be paid in gold. If, however, the member's holdings of gold and gold-convertible exchange are less than one-half of its quota, it shall pay in gold that proportion which such holdings bear to one-half of its quota, and shall pay the balance in its own currency.

Alternative C

(Substitute for (d) in Combined Alternatives A&B)

d. These charges may be uniformly varied if three-fourths of the member votes approve (and consequential amendments).

7/11/44 J.S. Art. III
Add. Sec.

Document 278

(p. 50) SA/1/49

SECTION 5. *Fixing Initial Par Values.*

(a) Each member on whose behalf this Agreement is signed before January 1, 19__, shall communicate to the Fund not later than thirty days after the date on which this Agreement becomes binding on that member, the par value for its currency based on the *de facto* rates of exchange prevailing for its currency sixty days prior to the date on which this Agreement first comes into force. The par value so communicated shall be the par value of the member's currency for the purposes of the Fund, unless the member signifies within a period of ninety days from the date on which this Agreement became binding on that member that it regards such par value as unsatisfactory. In the case of a member whose territory has been occupied by the enemy, this period of ninety days may be extended by the Fund if the member so requests.

(b) If the Fund is of opinion that the par value thus indicated by the member cannot be sustained without recourse to the Fund on a scale damaging to the Fund and to other members, it shall so inform the member within [ ] after receipt of the communication from the member.

(c) When a member or the Fund signifies that the par value of a currency communicated under (a) above is unsatisfactory, the Fund and the member shall, during a period to be 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 (p. 50a) do not agree within the period so determined, the member shall be deemed to have withdrawn from the Fund as of the date of the termination of such period.

(d) A member communicating to the Fund a par value for the currency of its metropolitan territory shall at the same time communicate a value, in terms of that currency, for each separate currency, where such exists, in the territories in respect of which it accepted this Agreement under Section ______. From the values so communicated, the Fund shall compute the par value of each such separate currency. A member making a communication to the Fund under (c) above shall be deemed, unless it declares otherwise to be making a corresponding communication regarding the par values of such separate currencies. It shall, however, be open to any member to make a communication relating to the metropolitan or any of these separate currencies alone and if the member does so, the provisions of the preceding paragraphs shall apply to each of these currencies separately.

(e) The Fund shall begin exchange transactions at such date as it may determine after par values have been established for the currencies of members having sixty percent of the aggregate quotas set forth in Schedule A but in no event until after August 1, 1945 or after the expiration of one hundred fifty days from the date on which this Agreement first comes into force, whichever is the later.

7/10/44 Art. XIII Sec. 5

Document 279

CIII/M/2

Minutes of Meeting of Commission III

Other Measures for International Monetary and Financial Cooperation

(July 10, 1944, 5 p.m.)

The Chairman announced that Mahmoud Saleh El Falaky (Egypt) is to serve as Vice Chairman of Commission III instead of Sany Lackany Bey (Egypt).

The report of the Agenda Committee was presented to the Commission. The Agenda Committee recommended the appointment of three *ad hoc* committees to consider the proposals received and to make recommendations to the full Commission with respect to the following general fields:

1. The Use of Silver for International Monetary Purposes
2. Enemy Assets, Looted Property, and Related Matters
3. Recommendations on Economic and Financial Policy, the Exchange of Information, and Other Means of Financial Cooperation.

The proposals that had been received by the Agenda Committee were read by the Reporter of the Agenda Committee and discussed in the Commission. It was decided that the proposal concerning a political prerequisite for the admission of Germany and Japan to membership in the Fund or Bank (proposal No. 8 in the Report of the Agenda Committee, Document 235) should not be given further consideration by Commission III or its Committees.

In accordance with the recommendation of the Agenda Committee, the Chairman of the Commission was empowered to appoint three *ad hoc* committees. It was also agreed that four additional proposals, submitted by the Delegations of Bolivia, Chile, Cuba, and Brazil, respectively (each circulated as separate documents) should be referred to Committee 3.

The Chairman appointed the following *ad hoc* committees:

COMMITTEE 1. The Use of Silver for International Monetary Purposes

Peru, *Chairman*
China, *Reporter*
Bolivia
Canada
Ethiopia
India
Mexico
Norway
Union of Soviet Socialist Republics
United Kingdom
United States

(p. 2)

COMMITTEE 2. Enemy Assets, Looted Property, and Related Matters

French Delegation, *Chairman*
Norway, *Reporter*
Belgium
China
Dominican Republic
Netherlands
Poland
Union of Socialist Republics
United Kingdom
Uruguay
Yugoslavia

COMMITTEE 3. Recommendations on Economic and Financial Policy, the Exchange of Information, and Other Means of Financial Cooperation

Chile, *Chairman*
Iraq, *Reporter*
Australia
Bolivia
Brazil
Cuba
Czechoslovakia
Ecuador
Egypt
El Salvador
Greece
Iceland
New Zealand
Nicaragua
Peru
Union of South Africa
United Kingdom
United States

It was suggested that the committees, in considering the various proposals, bear in mind the general scope and nature of the Conference.

Document 280

CI/DC

Working Paper for Drafting Committee of Commission I

Text of Provisions Recommended by Committees

(*July* 10, 1944)

Article I. *Purposes and Policies of the Fund*

The purposes of the International Monetary Fund are:

1. To promote international monetary cooperation

through a permanent institution which provides the machinery for consultation on international monetary problems.

Alt. I & J (rejected by Committee 1)

2. 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 to the development of the sources of productive power in all member countries as primary objectives of economic policy. *(Subject to revision)*

3. To give confidence to member countries 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.

x

4. [*Still in the Drafting Committee.*]

5. 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.

6. In accordance with the above objectives, to shorten the periods and lessen the degree of disequilibrium in the international balances of payments of member countries.

(p. 2)

Alt. F (Add. Mat. not yet considered by Committee)

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

Article II. *Subscription to the Fund*

Alt. C (p. 2b) not yet considered by Committee 1

SECTION 1. *Countries Eligible for Membership*

At the outset the members of the Fund shall be those of the countries represented at the United Nations Monetary and Financial Conference whose governments accept membership in the Fund. Subsequently membership in the Fund shall be open to other countries at such times and in accordance with such terms as may be prescribed by the Fund.

SECTION 2. *Quotas*

X

[*Not yet taken up by the Committee.*]

Alt. B (p. 2a) and Alts. B & C (p. 4a) pending before *ad hoc* committee

SECTION 3. *Time and Place of Payment*
Each member shall provide the Fund at the appropriate depository with the full amount of its quota on or before the date fixed for exchange transactions in its currency to begin. Any member whose quota is increased shall provide the full amount of the increase within thirty days of the date on which the member approves the increase in its quota.

SECTION 4. *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 vote shall be required for any change in quotas and no quota shall be changed without the consent of the member concerned.

(p. 3)

Alt. C (p. 2b) and Alt. D (p. 4b) not reached by Committee 1

SECTION 5. *Initial Payments*
Each member shall pay in gold as a minimum either (a) twenty-five percent of its quota, or (b) ten percent of its official holdings of gold and gold convertible exchange,[1] whichever is smaller, on ________. In the case of any member occupied by the enemy whose holdings are not ascertainable as of________, the Fund shall fix an appropriate alternative date. The data necessary to determine official holdings of gold and gold convertible exchange shall be furnished by the members as provided in this Agreement. Each member shall pay the balance of its quota in its own currency.

SECTION 6. *Payments When Quotas are Changed.*
(a) Each member whose quota is increased shall pay twenty-five percent of the increase in gold. Each member shall pay the balance of any increase in its own currency. If, however, on the date the member approves an increase, its holdings of gold and gold-convertible exchange are less than its new quota, the Fund may reduce the portion of the increase to be paid in gold.

[1] The phrase "gold and gold convertible exchange" is subject to definition and to such change in terminology as may be agreed upon.

(p. 4)

(b) Each member whose quota is reduced shall receive from the Fund within thirty days of the reduction an amount in its own currency or gold equal to the reduction. In making this payment, the Fund shall pay to such member only the amount of gold necessary to prevent reducing the holdings of the Fund of that currency below seventy-five percent of such new quota of the member.

Article III. ***Transactions with the Fund***

SECTION 1. *Agencies Dealing with the Fund*

Each member country 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. *Conditions upon which any Member may Purchase Currencies of other Members.*

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:

(1) The member *initiating the purchase* represents that the currency *requested* is presently needed for making payments in that currency which are consistent with the *provisions of this Agreement;*

Alt. A (p. 6a)
Alt. B (p. 6b)
Alt. D (p. 6c)
Alt. F (p. 6e)

(2) The Fund has not given notice under Article VI that its holdings of the currency *requested* have become scarce;

[(3) Still in ad hoc committee.]

(p. 5)

(4) The Fund has not previously declared under Section 3 of this Article that the member initiating the purchase is ineligible to use the resources of the Fund.

Alt. E
(p. 6d)
still open

The Fund may, in its discretion, and on terms which safeguard its interests waive any of these conditions. In special circumstances, where the Fund considers it necessary, it may require collateral security as a condition of such waiver.

SECTION 2a. *Conditions Governing Purchases for Capital Transfers.*

If the Fund's holdings of the currency of a member have remained below 75 percent of its quota for a period not less than six months such member shall be entitled, notwithstanding the provisions of Article V, Section 1, to buy the currency of another member from the Fund for its own currency for any purpose, including capital transfers, provided, however, that purchases for capital transfers may not have the effect of raising the Fund's holdings of the currency of such member above 75 percent of its quota, or reducing the Fund's holdings of the currency purchased below 75 percent of the quota of the member whose currency is purchased.

SECTION 3. *Declaring Members Ineligible to Use the Resources of the Fund.*

Whenever the Fund is of the opinion that any member is using the resources of the Fund in a manner contrary to the purposes and policies of the Fund, it shall present to the member a report setting forth the views

(p. 6)

of the Fund and stating 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 stated time, or the reply received is unsatisfactory, the Fund may continue to limit the member's use of the Fund's resources or, after giving reasonable notice to the member, declare it ineligible to use the resources of the Fund.

SECTION 4. *Limitation on the operations of the Fund.* Except as otherwise provided in this Agreement, operations for 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 the currency of the member initiating the transactions or for gold.

SECTION 5. *Operations for the Purpose of Preventing Currencies from becoming scarce.*

The Fund may, if it deems such action appropriate to prevent the currency of any member from becoming scarce, take either or both of the following steps:

(1) Propose to the member that on terms and conditions agreed between them, it lend such currency to the Fund or, with the approval of the member, that the Fund borrow such currency from some

(p. 7)

other source either within or outside the territory of the member, but no member shall be under any obligation to make such loans to the Fund or to approve the Fund's borrowing its currency from any other source.

(2) Buy that currency from that member with gold.

[SECTION. 6. *Multilateral International Clearing.* Action not completed by Committee.]

SECTION 7. *Acquisition by Members of the currencies of other Members for Gold.*

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 the currency by the sale of gold to the Fund. *Nothing in this Section shall be deemed* to preclude any member from selling in any market the new production of gold from mines located within territory subject to its jurisdiction.

[SECTION 8. *Other Acquisitions of Gold by the Fund.* Action not completed by Committee.]

SECTION 9. *Transferability and Guarantee of the Assets of the Fund.*

(a) All assets of the Fund shall, to the extent necessary to carry out the operations prescribed by this Agreement, be free from restrictions, regulations and controls of any nature imposed by members.

[(b) Still pending in committee.]

(c) All assets of the Fund shall be guaranteed by each member against loss resulting from failure or default on the part of the depository designated by such member.

(p. 8)

[SECTION 10. *Changes and Commissions.* Committee action not completed.]

[SECTION 11. *Furnishing Information.* Alternatives C and D before *ad hoc* Committee.]

[SECTION 12. *Consideration of Representations of the Fund.* Committee action not completed.]

Article IV. *Par Values of Member Currencies*

SECTION 1. *Par Values of the Currencies of Members.*

The par value of the currency of each member shall be expressed in terms of gold, *as a common denominator, or in terms of a gold-convertible currency unit of the weight and fineness in effect on July 1, 1944. 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. Still before Committee.]

[SECTION 3. Still before Committee.]

[SECTION 4. Still before Committee.]

[SECTION 5. *Uniform Changes in Par Values.*

Referred to *ad hoc* committee.]

(p. 9)

SECTION 6. *Protection of the Assets of the Fund.*

No change in the foreign exchange value of the currency of any member shall alter the gold value of the assets of the Fund. Whenever (i) the par value of a currency of a member is reduced, or (ii) the foreign exchange value of the currency of any member has depreciated within its jurisdiction to a significant extent in the opinion of the Fund, the member shall compensate the Fund by paying to the Fund within a reasonable time an amount of its own currency equal to the reduction in the gold value of the currency of such member held by the Fund. Whenever the par value of the currency of any member has been increased the Fund shall compensate such member by returning, within a reasonable time, an amount in the currency of such member equal to the increase in the gold value of the currency of such member held by the Fund.

The provisions of this Section shall apply to the case in which a uniform proportionate change is made in the par values of the currencies of all members, unless at the time when such a change is proposed to be made the Fund shall declare them to be inapplicable.

SECTION 7. *Separate currencies within a Member's jurisdiction.*

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 currencies of all territories under its jurisdiction. It shall, however, be open to a member to declare that its proposal relates either to the metropolitan currency alone, or to one or more specified subordinate currencies alone, or to the metropolitan currency and one or more specified subordinate currencies.

Article V. *Capital Transactions*

SECTION 1. *Use of the Resources of the Fund for Transfers of Capital.*

A member may not make net use of the resources of the Fund to meet a large or sustained outflow of capital, and the Fund may (p. 10) request a member to exercise controls to prevent such use of the resources of the Fund. If after receiving such requests, a member fails to exercise appropriate controls the Fund may declare such member ineligible to use the resources of the Fund.

This Section is not intended 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. Capital movements which are met out of a member's own resources of gold and foreign exchange, are not affected by this section, but members undertake that such capital movements will be in accord with the purposes of the Fund.

SECTION 2. *Limitation on Controls of Capital Movements.*

Members may exercise such controls as are necessary to regulate international capital movements but no member may exercise such controls in a manner which will restrict payments for current transactions or which will unduly delay the transfer of funds in settlement of commitments, except as provided in VI, 2 and in X.

Article VI. *Apportionment of Scarce Currencies*

SECTION 1. *General Scarcity*

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. In the preparation of such report there shall participate a representative of the member the currency of which is involved.

SECTION 2. *Scarcity of the Fund's Holdings.*

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 acted under (p. 11) Section 1 above, shall formally declare such currency scarce and shall thenceforth apportion the existing and accruing supply of the scarce currency with due regard to the relative needs of members and the general international economic situation and any other pertinent considerations. The Fund shall also issue a report concerning its action. The formal declaration shall operate as an authorization to a member, after consultation between such member and the Fund, temporarily to limit the freedom of exchange operations in the affected currency. Subject to the provisions of Article IX, Section 2 (J.S.), 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 of it held by, or accruing to, the member in question; and they shall be relaxed and removed as rapidly as conditions permit. This authorization shall cease to be in effect whenever the Fund formally declares the currency in question no longer scarce.

SECTION 3. *Administration of Restrictions on Scarce Currencies.*

Any member imposing restrictions in respect of the currency of any other member pursuant to the provisions of this Article shall give sympathetic consideration to any representations which may be made by such other member regarding the administration of such restrictions.

SECTION 4. *Effect on Other International Agreements on Restrictions on Scarce Currencies.*

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.

(p. 12)

Article VII. ***Management of the Fund***

SECTION 1. *Board of Governors.*

(a) All powers of the Fund shall be vested in a Board of Governors consisting of one governor and one alternate appointed by each member in such manner as it may determine. Governors and alternates shall serve for five years, subject to the pleasure of their respective governments, and may be reappointed. No alternate may vote except in the absence of his governor. The Board shall select a chairman from its members. The Managing Director, however, may be eligible to this office as well.

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

(1) Determining what new members may be admitted and the conditions of their admission;

(2) Approving a revision of quotas;

(3) Approving an agreed uniform change in the par value of the currencies of all member countries;

(4) Requiring a member to withdraw;

(5) Deciding appeals against interpretations of the Agreement by the Executive Directors given on application by a member country;

(6) Making agreements to cooperate with other international organizations;

(7) Deciding to liquidate the Fund.

(8) Decisions concerning the distribution of the net income of the Fund.

(c) The Board of Governors shall hold an annual meeting and such other meetings as may be provided for by the Board or convened by the Executive Directors. Meetings of the Board shall be convened by the Executive Directors whenever requested by members having one quarter of the aggregate votes or by five member countries.

(d) The Board may by regulation establish a procedure whereby the Executive Directors, when they deem such action to be in (p. 13) the best interests of the Fund, may obtain a vote of the governors on a specific question in lieu of calling a meeting of the Board.

(e) Governors and alternates shall serve as such without compensation from the Fund, but the Fund shall pay such reasonable expenses as are incurred by the governors and alternates in attending any meetings.

SECTION 2. *Executive Directors*

Duties and Powers of the Executive Directors

1. 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.

[2. Formation of the Executive Directors—Pending before *ad hoc* Committee.]

Alternate Directors

3. Every Executive Director may 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.

Meetings of Executive Directors

4. 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.

5. In order to constitute a quorum for any meeting of the Executive Directors, there must be present a majority of the

Directors representing not less than one-half of the voting power of all the Executive Directors.

(p. 14) 6. Each Executive Director appointed by one of the members with the ______ largest quotas shall be entitled to cast the number of votes allotted under Section 3 of this Article (J.S. VII, 2) to the member appointing him. Each elected Executive Director shall be entitled to cast only the number of votes which actually counted toward his election. When the provisions of the second paragraph of Section 2 of this Article are applicable, the votes to which an Executive Director would otherwise be entitled shall be increased or decreased proportionately. Each Executive Director shall cast all of the votes to which he is entitled as a single unit.

6a. Except as otherwise specifically provided, all matters before the Executive Directors shall be decided by a majority of the aggregate votes cast.

7. The Board of Governors shall make regulations containing provisions under which a member which is not entitled to appoint an Executive Director under 2 above shall be permitted to 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.

Managing Director

8. 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. He shall, however, (p. 15 be eligible for election as Chairman of the Board of Governors. The Managing Director shall cease to hold office when the Executive Directors shall so decide.

9. 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's work. Subject to the general control of the Executive Directors, he shall be responsible for the internal organization of the Fund's staff and the appointment and dismissal of its staff.

10. The Managing Director and the staff of the Fund, in the discharge of their offices, owe their duty entirely to the Fund and to no other authority.

Each member of the Fund shall respect the international

749013—48—30

character of this duty and shall refrain from all attempts to influence any member of the staff in the discharge of his duty.

11. 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 selecting personnel recruited on as wide a geographical basis as is possible.

Appointment of Committees

12. The Executive Directors may appoint such committees as they deem advisable. Members of such committees need not be limited to Governors or Executive Directors or their alternates.

Remuneration

13. 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.

(p. 16)

[SECTION 3. *Voting*

Before Committee or Commission—not completed.]

[SECTION 4. *The General Manager*

Now included in Section 2.]

SECTION 5. *Publication of Reports*

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.

The Fund may publish such other reports as it deems desirable for carrying out its purposes and policies.

SECTION 6. *Depositories.*

(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) Alternatives A, B and D referred to *ad hoc* committee.]

SECTION 7. *Form of Holdings of Currency.*

The Fund shall accept from any member in lieu of any part of the currency of that country not needed by the Fund in its operations, notes or similar obligations issued by the Government of the country or the depository designated by such member, which shall be non-negotiable, non-interest bearing and payable at their par value on demand by a credit to the currency account of the Fund in that country.

(p. 17)

SECTION 8. *Relationship to other International Organizations*

The Fund, within the terms of this Agreement, shall cooperate with any general international organization and with public international organization having specialized responsibilities in related fields. Any arrangements for such cooperation which would involve a modification of any of the provisions of this Agreement may be effected only after amendment to this Agreement in conformity with the procedure set forth in Article ______.

[SECTION 9. *Location of Office*

Still before Committee.]

SECTION 10. *Distribution of Net Income of the Fund*

The Board of Governors shall determine annually what part of its net income shall be placed to reserve and what part, if any shall be distributed.

If any part is distributed, two per cent non-cumulative shall be paid, as a first charge against the distribution of any year, to each member on the average amount during the year by which 75 percent of its quota exceeds the holdings by the Fund of its currency; and the balance to the members in proportion to their quotas. Payments to each member shall be made in its own currency.

(p. 18)

SECTION 11. *Miscellaneous Powers.*

In order to carry out its purposes, the Fund shall have full legal personality and, in particular, may:

(1) Make contracts;

(2) Acquire and dispose of movable and immovable property; and:

(3) Institute legal proceedings in any court of competent jurisdiction;

(4) Employ such staff as shall be necessary to conduct the business of the Fund; and

(5) Adopt such rules or regulations as may be necessary or appropriate to conduct the business of the Fund.

(p. 19)

Article VIII. *Withdrawal from the Fund*

SECTION 1. *Right of Members to Withdraw*

Any member may withdraw from the Fund at any time by serving written notice on the Fund at its principal office. *Withdrawal shall become effective on the date such notice is received.*

[SECTION 2. *Suspension of Membership or Compulsory Withdrawal*
Still in committee.]

[SECTION 3. *Settlement of Accounts with Countries Ceasing to be Members.*
Still in committee.]

[SECTION 4. *Liquidation of the Fund.*
Still in committee.]

Article IX. *Obligations of Member Countries*

[SECTION 1. *Purpose and Scope of additional Undertakings.*
Consideration deferred.]

[SECTION 2. *Gold Purchases Based on Parity Prices*
In Drafting Committee.]

[SECTION 3. *Foreign Exchange Dealings Based on Par values.*
In Drafting Committee.]

[SECTION 4. *Exchange Controls on Current Payments*
Referred to ad hoc Committee.]

SECTION 5. *Immunities of the Fund.*

(a) The Fund shall be immune from suit except when it consents to be sued.

(b) The Fund and its assets of whatsoever nature shall, wheresoever located and by whomsoever held, be exempt and immune from search, seizure, attachment, execution, requisition, confiscation, moratorium and (p. 20) expropriation, whether under judicial process or otherwise, in the territory of any member.

(c) All governors, executive directors, officers and employees of the Fund shall, with respect to their official acts, be exempt from suit except when the Fund consents.

(d) The archives of the Fund shall be inviolable.

NOTE: There are certain other minor privileges or immunities which will also be required such as courier facilities. A further document will be issued completing this section in this respect.

[SECTION 6. *Immunity from Suit.*
Now included in section 5 above.]

SECTION 7. *Restrictions on Taxation of the Fund, its Employees, and Obligations.*

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

(b) No member, or any political subdivision or any taxing authority thereof, shall impose or collect any tax on or measured by salaries paid by the Fund to its executive directors, officials and employees who are not citizens of such member.

(c) No member, or any political subdivision or taxing authority thereof, shall impose or collect any taxation on any obligation or security issued by the Fund, or any dividend or any interest thereon, by whomsoever held or received:

(p. 21)

(i) which discriminates against such obligation, dividend, or interest, because of its origin; or

(ii) which is applied solely on the basis of the place or currency in which it is issued, made payable or paid, or solely on the basis of the location of any office or place of business maintained by the Fund.

(d) Each member shall inform the Fund of the detailed action it has taken to grant the exemptions and immunities provided for in this section and in section 5 respectively. Differences which may arise between such member and the Fund as to the sufficiency or propriety of any action shall be resolved in accordance with the provisions of Article XII, Section 1.

Article X. *Transitional Arrangements*

[Not yet available.]

Article XI. *Amendments*

Any proposal to introduce modifications in the agreement, whether emanating from the government of a member, a Governor or an Executive Director, 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 by a majority of the aggregate votes, the Fund shall, by circular letter, ask the governments of all the members whether they accept the proposed amendment. *When three-fifths of the governments of the members, having four-fifths of the aggregate votes,* have accepted the (p. 22) proposed amendment, the Fund shall certify the fact by means of a *proces verbal,* which it shall communicate to the governments of all members.

However, the acceptance of the amendment by the governments of all members is required in the case of modifications of (1) the right to withdraw from the Fund; (2) the provision that no change in a member's quota shall be made without its consent; (3) the provision that no change may be made in the par value of a member's currency except on the initiative of that member.

The amendment will enter into force for all members three months after the date of the *proces verbal* unless a shorter period is specified in the circular letter.

Article XII. *Interpretation of the Agreement*

SECTION 1. *Interpretation*

(a) All questions 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 of the Fund for their decision. If the question is one which involves a dispute affecting particularly one (or more) member(s) and that (or those) member(s) are not represented among the Executive Directors by a Director appointed by it (or them) then the provisions of Article VII, section 7, document 152, apply.

(b) In any case where the Executive Directors have given a decision under paragraph (a) above, any member may require that the question be submitted to the Board, and the decision of the Board shall be final. (p. 23) Pending the result of the reference to the Board of Governors, the Fund may (so far as is necessary) act on the basis of the decision of the Executive Directors.

(c) Whenever a disagreement arises between the Fund and a country which has ceased to be a member, or between the Fund and any member country after 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 country involved and an umpire who, unless the parties otherwise agree, shall be appointed by the President of the Permanent Court of International Justice. The umpire shall have full power to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

[SECTION 2. *Definitions*

Not yet available.]

SECTION 3. *Effect on Other International Commitments.*

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 adjust-

ments as may be necessary. The provisions of this Article shall be without prejudice to the operation of Article VI, Section 4. (p. 24)

Article XIII. *Final Provisions*

[Not yet available.]

Article XIV. *Execution of the Agreement*

[Not yet available.]

Document 281

CI/2/MC

Memorandum to Committee 2

Use of Currencies Held by the Fund

1. The Fund will be provided with resources of gold and currencies subscribed by member countries. If the Fund is to be most effective in contributing to the attainment of its important purposes, all of the resources of the Fund must be made available for use by the Fund in maintaining a high level of trade and the beneficial flow of capital. The resources of the Fund should not be diverted to building up idle balances of foreign exchange.

When international trade is customarily carried on in a few currencies such as dollars and sterling, a considerable part of the world's trade not involving these countries will be carried on in terms of their currencies. If imports from countries other than the United States and the United Kingdom must be paid for in dollars and sterling, the Fund will find its holdings of other currencies of limited usefulness in settling international payments. Clearly, the Fund must be in a position to dispose of its franc balances in meeting payments due to France, its guilder balances in meeting payments due to the Netherlands, etc. At the same time the dollar and sterling balances should be available for use in maintaining trade and other current transactions with the United States and the United Kingdom.

2. There is no doubt that the provision can be made in the Fund proposal to facilitate the use of all of the currencies in the Fund in meeting balances of payments with the countries that have subscribed these resources. Whatever provision is made must be within the framework of (p. 2) the customary manner of carrying on international trade. Above all, it must not prove burdensome to the countries engaged in trade.

The problem can be more clearly indicated by a concrete illustration: If Country A customarily carries on its international trade in terms of dollars, then a favorable balance of payments for Country A will be settled in dollars. The Fund should not be required to finance this favorable balance of payments with its resources of dollars. Instead, it should be possible for the Fund to use directly or indirectly its holdings of currency A to finance this favorable balance of payments with Country A.

The views expressed before this Committee indicate general agreement with this principle. Some method must be found to assure the use of the Fund's holdings of currency. At the same time, nothing must be done to discourage the continued use of dollars, sterling and other currencies by foreign traders who find the exchange markets and the availability of credit in such currencies of great convenience in conducting their trade.

3. The provision proposed below will not be burdensome to a country that customarily conducts its foreign trade in dollars or other currencies. Consider the following cases in which Country A carries on a considerable part of its foreign trade in dollars.

i. Country A would be paid dollars for exports to the United States. It would be free to use such dollars for its own imports from the United States, to pay for its imports from other countries payable in (p. 3) dollars, or to build up its holdings of dollars. It is no burden to the Fund when a country decides to hold balances in the currency of the country with whom its payments are favorable. The holding of such balances does not directly deplete the foreign exchange resources of other countries and there is no reason why the Fund should discourage it.

ii. Country A might be paid dollars for its exports to countries other than the United States. If the dollars so acquired are used to make payments in the United States, the use of the dollars avoids a drain on the Fund's resources of dollars and is therefore unobjectionable. If the dollars so acquired are used to make payments in other countries, the use of the dollars avoids the use of other resources of the Fund. Setting aside the ultimate disposition of the dollars paid to other countries, the acquisition and use of dollars in this manner by Country A should not concern the Fund.

iii. Country A might acquire dollars from countries other than the United States and build up dollar balances. The favorable balance of payments of Country A would then have drained foreign exchange resources from other countries or from the Fund.

4. Some method should be found by which the Fund's holdings

of currency A can be used to meet the favorable balance of payments of Country A. Under the Fund proposal (III-7, Joint Statement) Country A would be required to use half of the increment of dollars to repurchase its (p. 4) currency from the Fund. If this repurchase provision could be extended to cover the entire increment of dollars resulting from Country A's favorable balance of payments in dollars with countries other than the United States, the Fund would be able to make the fullest use of its holdings of currency A.

It is suggested, therefore, that the following provision be included in the Fund proposal:

"Where the international transactions of a country are carried on in the currencies of other countries, the Fund may require that the increments in its holdings of member currencies, to the extent that such increments are attributable to transactions with other countries, shall be offered to the Fund in the repurchase of its own currency."

Document 284

(p. 18c) SA/1/50

ALTERNATIVE D

Changes in Par Values

(SECTIONS 2, 3, 4 as in Alternatives A)

SECTION 5.

(a) The Fund shall concur in a proposed change under 4 (b) or (c) 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 on the ground of the domestic, social or political policies of the member proposing the change.

(b) The Fund shall also concur in a proposed change under 4 (b) or (c) above if it is satisfied that such change will not affect the international transactions of the member proposing the change.

(c) If the Fund is not satisfied in accordance with (a) or (b) above, and deems the proposed change unjustified, having regard to the proper working of the Fund, it shall object to the proposed change; but in arriving at its decision it shall take into consideration the extreme uncertainties prevailing when the par values of the currencies of members were initially determined.

SECTION 6. (Section numbered 4c in Alternative A)

7/11/44 J. S. Art. IV
Sec. 5

TABLE I IN EXPLANATION OF COMBINED ALTERNATIVES A AND B, ARTICLE III, SECTION 10, P. 13A (doc. 277)

SA/1/51

MINIMUM PERCENTAGE CHARGES PAYABLE BY A COUNTRY ON FUND'S HOLDINGS OF ITS CURRENCY IN EXCESS OF ITS QUOTA

Marginal Charges

Amount of country's currency held by Fund as percentage of country's quota	Per cent per annum payable on excess currency during									
	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year
101—125	3/8#	1	1½	2	2½	3	3½	4*	4½	5
126—150	1	1½	2	2½	3	3½	4*	4½	5	5
151—175	1½	2	2½	3	3½	4*	4½	5	5	5
176—200	2	2½	3	3½	4*	4½	5	5	5	5
201—225	2½	3	3½	4*	4½	5	5	5	5	5
226—250	3	3½	4*	4½	5	5	5	5	5	5
Additional amounts	Corresponding increases up to 5%									

No payment in first three months; ½% in next nine.

* At this point the Fund and the member shall consider ways and means by which the Fund's holdings of the member's currency can be reduced.

NOTE: No charge is made on use of the Fund resources in an amount equivalent to a member's gold subscription.

7/11/44

Table II in Explanation of Combined Alternatives A and B, Article III, Section 10, p. 13a (doc. 277)

SA/1/51

MINIMUM PERCENTAGE CHARGES PAYABLE BY A COUNTRY ON FUND'S HOLDINGS OF ITS CURRENCY IN EXCESS OF ITS QUOTA

Marginal Charges: assuming a member to draw the full amount permitted each year without waiver (after the Fund's holdings of its currency have reached 100% of its quota)

Amount of country's currency held by Fund as percentage of country's quota	Per cent per annum payable on excess currency during									
	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year
101—125	⅜#	1	1½	2	2½	3	3½	4*	4½	5
126—150		1	1½	2	2½	3	3½	4*	4½	5
151—175			1½	2	2½	3	3½	4*	4½	5
176—200				2	2½	3	3½	4*	4½	5

No payment in first three months; ½% in next nine.

* At this point the Fund and the member shall consider ways and means by which the Fund's holdings of the member's currency can be reduced.

Note: No charge is made on use of the Fund resources in an amount equivalent to a member's gold subscription.

Document 286

CII/MC/1

Memorandum Submitted to Commission II by United Nations Interim Commission on Food and Agriculture

Financing of Agricultural Development and the Proposed Bank for Reconstruction and Development

At the conference on Food and Agriculture, held at Hot Springs, Virginia, in May 1943 the United Nations recognized the need for coordinated policies of the various countries designed to raise levels of nutrition and standards of living and to improve the efficiency of agriculture on a world-wide scale.

Among the specific objectives of these policies are:

1. to increase the supply of foods that are needed in larger quantities to provide better diets for the low-income groups;
2. to reduce the production of chronic-surplus commodities in relatively inefficient areas, where it is maintained largely through government measures;
3. to secure better living conditions for rural people who still comprise more than two-thirds of the world population; and
4. to enable agriculture to contribute to a high level of general economic activity and world trade.

The Conference at Hot Springs established an Interim Commission, which will be succeeded by a permanent Organization after the constitution of the latter has been accepted by the governments of the United Nations. It will be the task of this Organization to promote separate and collective action by the Member nations towards the achievement of these policies.

These objectives will however not be achieved unless credit is effectively made available for the purposes of production, storage, processing, transportation, and marketing of agricultural commodities and for other purposes that are in the interest of that agricultural reorientation and development which is a prerequisite of improving the nutrition, especially of the low-income groups, and the standards of living in rural areas. In countries where the agricultural credit system is not sufficiently developed, the government and the agricultural credit authorities should use all means at their disposal to improve the (p. 2) situation. Some countries will, however, not be in a position to provide effectively for all agricultural credit needs from domestic sources; their efforts should therefore be supported by the supplementary provision of international agricultural credit. In recognition of this fact, the Conference at Hot Springs resolved that it shall be a function of the Food and Agriculture Organization to submit to Member governments and to international authorities recommendations concerning agriculture credit.

The Interim Commission has given considerable attention to the problems of agricultural credit. In particular in the draft Report to the Governments of the United Nations, it has recognized that international agricultural and industrial credit would most suitably be administered by one international agency, such as the proposed Bank for Reconstruction and Development.[1]

The Interim Commission has recognized that capital development of other parts of the economy is also needed if the desired improvement and adjustment in agriculture shall become possible and if the purchasing power of low-income groups is to increase so as to enable them to buy more nutritionally needed food and consequentially to provide a wider market for agricultural products. A balanced and wisely directed development of industry and agriculture is, furthermore, necessary in order to provide employment for the rural surplus populations of many areas where over-population is depressing living conditions and impeding technological progress.

The Interim Commission has particularly borne in mind the need of some regions for large-scale development programs to be financed by international loans. Such programs involve study and action on a wider front than that of food and agriculture alone. In a subsequent portion of this statement reference is made to the part that the Food and Agriculture Organization might play, in cooperation with the Bank and other appropriate international organizations, in the development of such broad programs.

The memorandum presented herewith by the Interim Commission to the United Nations Monetary and Financial Conference deals with

(p. 3)

I. the need for agricultural credit in general and for international agricultural credit in particular, and the economic advantages that may be obtained from the adequate provision of such credit;

---

[1] Attention may be drawn to Appendix I of this memorandum containing the statement on Agricultural Credit in the Final Act of the United Nations Conference on Food and Agriculture, Hot Springs, Virginia, 1943; and to Appendix II containing a statement on Agricultural Credit that is part of a draft Report to the Governments of the United Nations by the Interim Commission on Food and Agriculture.

II. the differences in terms and conditions under which agricultural credit is at present available in various countries and a brief account of how these differences developed;

III. certain principles that should be followed in coordinating national and international efforts to provide adequate credit to agriculture;

IV. a proposal of ways and means to facilitate cooperation between the proposed Bank for Reconstruction and Development and the Food and Agriculture Organization.

I.

Need for, and Advantages of, the Development of Agricultural Credit on a National and an International Basis

Agricultural production employs, relative to its output, large quantities of fixed and working capital, which farm operators, mostly small-scale entrepreneurs, are unable to provide, and which therefore has to be obtained by the way of credit.

In modern times, there has been a progressive increase in the credit need for farm and forest enterprises as well as for many undertakings required for the utilization of their products. Even under normal circumstances, this need is likely to increase further as a result of progress in production techniques, improvements in the construction of farm houses and out-buildings; land reclamation, flood control, drainage, irrigation, and other means of soil conservation; rural roads and rural electrification; and a wider use of disease resistant seeds, improved livestock, insecticides, commercial fertilizers, modern machinery and equipment, refrigeration, and dehydration. In short the more the capital equipment of agriculture is developed, the greater will be the need of credit. Similarly, there will be an increase in the need for agricultural credit to make good the damage to agricultural capital caused by floods, droughts, plant and animal diseases, and other catastrophes of nature, at least as long as the natural hazards of farming are insufficiently covered by insurance. The need for forest credit will increase with the opening up of undeveloped forest areas, with the afforestation of denuded soils, and with the wider acceptance of the principles of sustained-yield management.

(p. 4) Under postwar conditions, additional credit will be needed to replace wartime deterioration and destruction of farm capital, to correct accumulated maladjustments in agricultural production, and to conform to changes in consumer demand. If expansionist economic policies prevail, and if the nutritional levels of the low-income groups are raised—as is the hope and the policy goal of the United Nations — expansion in agricultural production in accordance with the growing demand will further increase the volume of credit needed in agriculture.

From the viewpoint of a policy oriented towards the objectives set at the Hot Springs Conference, the need for credit for improvement and adjustment must receive special attention, since it is an indispensable means for solving the paradox of agricultural surpluses on the one hand and malnutrition on the other. Success will, however, be possible only if the financial structure of the agricultural enterprises that are to be improved is sound and healthy. In countries where credit has been used largely for wasteful purposes, and where debtor distress has become widespread, correction of this situation will be a preliminary condition for the improvement of agricultural conditions. Where other legitimate credit needs arise in the agricultural sector of the economy (e.g. for the acquisition of farm land and buildings or for the refinancing of outstanding debts), which cannot be financed at appropriate terms because of the lack of efficient credit facilities - credit must be made available for these purposes as well as for purposes of improvement and adjustment.

Recognition of the foregoing does not, of course, mean that it would be necessary to draw upon international loan funds for all those purposes; on the contrary, the primary responsibility for the provision of appropriate and effective agricultural credit facilities must - in the future as in the past - rest upon the governments and the agricultural credit institutions and authorities of the various countries. This will in general hold true for all those credit needs that normally are local, such as the financing of land transfers and the refinancing of outstanding debts. After its agricultural credit system has been adequately developed, it will be possible for every country to finance those credit needs with domestic loan funds.

Some countries, particularly highly developed and financially strong countries, will be in a position to go further and to finance their agricultural development entirely with domestic funds; but even countries that are in a less fortunate position will be able to supply from domestic sources part of the funds needed, - as, in particular, funds for those undertakings which involve payments for domestic labor and other domestic resources. (p. 5) In the latter group of countries, the financing of agricultural development will, however, encounter difficulties if the projects in question operate, directly or indirectly, to increase the need for foreign exchange. A situation of this kind arises directly where agricultural or forest development depends on imports, from abroad, especially imports of capital goods, as for example, breeding stock, agricultural machinery, machinery needed in the construction of rural roads and in modern storage and processing facilities, or refrigerator cars, and trucks. It may arise indirectly, if in consequence of local labor and resources being used for an agricultural improvement scheme, temporarily more goods have to be imported from abroad.

Some countries, however, will not be in a position to provide for such increased needs of foreign exchange without depressing domestic living standards or dumping their products on the world market—measures which would be contrary to the manifest policies of the United Nations; these countries must, therefore, be enabled to borrow capital from abroad. Past experience has, however, demonstrated that private international capital, for the most part, is not interested in the financing of agriculture with the exception of plantation farming, centralized processing, or other large-scale undertakings that hold out prospects for high profits.

Adequate financing for the world-wide reorientation of agriculture after this war will, therefore, require that an international credit agency - such as the proposed Bank for Reconstruction and Development - should provide loans to countries in need of foreign funds for agricultural improvement and adjustment.

If international loans are made available for these purposes, this will benefit agriculture not only in the capital-importing countries but also in capital-exporting countries, because the world-wide maladjustments of agricultural production can be corrected only if corresponding adjustments are carried out in the production patterns of the one as well as the other group of countries. Furthermore, the international financing of agricultural development will benefit industry and commerce by (a) providing wider markets for many types of capital goods and (b) creating broader and more stable markets for manufactured consumer goods in the rural areas.

The amounts of international credit needed to finance agricultural development and reorientation are in many cases small as compared with the sums required for industrialization projects, and in many less developed countries, useful results in the form of increased cash returns for borrowers, increased production, more trade, better nutrition and other benefits could be obtained from certain agricultural projects (e.g. improvement of seeds and livestock, provision of modern machinery and equipment, building of rural roads, construction of storage and processing facilities) within a comparatively short period. In these cases therefore (p. 6) the financing of such agricultural projects would faster produce tangible results in the direction of the development of an expanding economy and an improvement in living conditions than would many of the more far-reaching industrial development schemes, however necessary the latter may be.

II.

Development of Agricultural Credit in Different Countries

The terms and conditions under which credit may be obtained for agricultural purposes vary considerably from country to country and—within the individual countries—by regions, by types of farming, and furthermore with differences in the kinds of security offered by the borrower.

Leaving out of consideration the special types of loans whose rates of interest are reduced by government subsidies and the loans the conditions of which were determined largely by considerations of personal relationship or friendship, we find that the effective rates of interest charged on agricultural loans vary from the relatively low charges of 4 to 5 per cent and even less in a few countries to the usurious charges of 40 to 100 per cent and more in parts of Eastern Europe, in wide areas of Asia, and in some parts of Africa and of the Americas.

To a certain extent, the differences in the costs of agricultural loans are the result of differences in the availability of loan funds and in the risks involved; and of the small size of many agricultural loans involving high administrative costs.

But the greatest differences in the costs of agricultural credit stem from differences in the development of the credit systems of the various countries, and especially in the development of their institutional credit facilities for agriculture.

In countries where farmers cannot obtain credit from institutional sources usury flourishes, credit is used largely for wasteful purposes, and the methods of production and marketing have remained primitive; the results are appalling poverty and malnutrition in rural areas and inadequate food supplies for the low-income groups in the cities. On the other hand, where—through private initiative, cooperation among farmers, or government action—appropriate and efficient credit agencies have been developed, this has substantially helped to reduce the costs of agri-

749013—48—31

cultural credit and to promote progress in agriculture and in living standards.

(p. 7) Specialized mortgage credit institutions date back to the second half of the eighteenth century. Since then, many types of private, governmental, and cooperative mortgage credit agencies have been established. Wherever such agencies have attained importance as agricultural lenders, they have, directly and by the way of competitive lending, contributed to a substantial reduction in the rates of interest charged for farm mortgage loans. By offering amortizable loans, they have helped hundreds of thousands of farmers to pay off their mortgages. Some of them have rendered important services to agriculture, and to the general economy, also through their refinancing operations in periods of monetary stringency. While, in the long history of institutional farm-mortgage credit, some losses inevitably occurred, it is notable that, where these agencies were well organized and under experienced management, the losses were kept within relatively small limits. As a result, agricultural mortgage bonds were rated as high class investments in many countries.

In the field of short-term and intermediate agricultural credit, the competitors of private lenders and merchants are commercial banks, cooperative associations, and government agencies. The commercial banks have become a large source of agricultural loans in countries where they have extended their activities into rural areas, as especially in the Anglo-Saxon countries. The other important source of short-term and intermediate agricultural credit is the cooperative credit associations; their contribution to the improvement of the terms and conditions of these types of credit has, in many countries, been far greater than those of any other type of lending agency; in some countries they have, for all practical purposes, become the only institutional source of short-term and intermediate loans to farmers. The development of credit cooperatives has been furthered by governments in almost every country in which they have obtained prominence. In a considerable number of countries, government agencies have been established either for the refinancing of credit cooperatives or, directly, for the provision of short-term and intermediate loans to agriculture.

If international credit is made available to agriculture, the importance of domestic lending agencies will not decline; but, on the contrary, it will increase; for, besides providing agriculture with domestic loan funds, such agencies will have to accept the responsibility for making and servicing loans made possible by action of the Bank.

(p. 8)

III.

Problems of Coordinating International and National Agricultural Credit Policies

To ensure the effective use of credit for the furtherance of the objectives stated above (world-wide reorientation of agricultural production, better nutrition in low-income groups, better living conditions for rural people, and high levels of economic activity and world trade), well coordinated measures are needed on the domestic as well as the international level. The following pages discuss:

(1) tasks arising in the development of the agricultural credit system that need to be performed by the governments and agricultural credit authorities of various countries.

(2) the probable scope of the agricultural lending activities of the Bank for Reconstruction and Development.

(3) means by which the Food and Agriculture Organization could give assistance to the development of domestic credit facilities in various countries and to the agricultural lending of the Bank for Reconstruction and Development.

1. *Tasks of the National Governments and Agricultural Credit Agencies.*

Since loans by the Bank for Reconstruction and Development are intended to supplement, and not to substitute for, credit from the domestic sources—countries at present not making loans effectively available for desirable agricultural purposes will have to remedy this situation with all means at their disposal.

The specific measures required for improving the domestic agricultural credit system will differ considerably as between countries. There are, however, certain institutional provisions that are needed in every country to ensure efficient functioning of the system. They include:

(a) Legislative provisions for effective legal instruments and records required in agricultural lending, for example, real estate and chattel mortgages, negotiable warehouse receipts, land registers and registers for deeds or preferably titles.

(p. 9)

(b) Efficient lending agencies for the various types of credit needed in agriculture, such as—short-term, intermediate, and long-term credit for farmers in general, credit for cooperative warehouses, credit for processing and marketing cooperatives, and credit for public corporations in rural areas. Where private capital does not provide these types of credit at reasonable terms, it will often be necessary to develop agricultural credit agencies on a cooperative or governmental basis. In either case, it will be necessary to provide (i) satisfactory refinancing opportunities, e.g., through the accumulation of savings, the floating of bonds, government guarantees, or direct government financing; and (ii) adequate coverage of refinancing costs, administrative expenses, and loan risks out of interest and service charges and, where needed, with the help of government guarantees or subsidies. The operations of local credit cooperatives, or other lending agencies with a limited area of operations, may need to be supported by organizing them on a nation-wide basis or by establishing central refinancing agencies.

(c) Provision for advice to farmers as to the economic use of credit in their own farming operations, in cooperative associations, and in local public corporations.

In the application of these principles, due consideration should be given to the specific problems predominant in each country.

For example, if in a certain country farmers are inexperienced in the economic use of credit and in modern methods of farm management, the credit policy of such a country should aim at an effective coordination of an advisory service with the lending service. This might be achieved in various ways, as for example through the combination of these two types of services in one system, commonly called "supervised credit". (The administrative costs of the educational part of such a program should, of course, be recognized as government expenditures and should not be charged to the borrowers.)

Where severe debtor distress has become an obstacle to agricultural improvement and to the effective financing of such improvement, there would have to be relief by measures designed to facilitate farm debt adjustment. If usurious money lending for unproductive purposes is the main reason of the widespread debtor distress, the governments are faced with the formidable task of fighting these practices through stern legislative and administrative measures. Though it will be difficult to eradicate usury where it has dominated for centuries, there are some countries where such action is the indispensable prerequisite to the successful financing of agricultural development.

(p. 10) If in a country the prevailing pattern of land tenure impedes the improvement and adjustment of agricultural production or the improvement of nutrition and living standards in rural areas, changes in the land tenure system may have to be facilitated by the provision of the special types of credit needed by settlers for the acquisition of land, livestock, equipment, and other necessaries and by such additional measures as may be required. Furthermore, there may be countries in which the effective provision of agricultural credit may depend upon other improvements in the national agricultural pattern.

2. *Agricultural Lending Activities of the Proposed Bank for Reconstruction and Development.*

Within the general policies governing the lending operations of the Bank for Reconstruction and Development (such as balance-of-payment considerations), its agricultural lending operations (or its guarantees of loans for agricultural purposes) might mainly be confined to agricultural improvement and adjustment projects which, in the course of their development, give rise, either directly or indirectly, to an increased need for foreign exchange.

Under such a policy, the Bank might be called upon to provide certain countries with foreign exchange for the import of capital goods, such as breeding stock, agricultural implements, machinery for the building of rural roads, and modern equipment for storage and processing plants and for the transport of agricultural and forest products, or other imports that arise indirectly from the use of domestic resources in agricultural development. In any of these cases, it should be made a condition for lending by the Bank that the imports are directly or indirectly needed in carrying out agricultural and forest improvements intended to achieve the aims agreed upon at Hot Springs.

If, because of special circumstances, the domestic-currency needs for desirable improvements and adjustments cannot be financed from domestic sources at reasonable terms, the Bank for Reconstruction and Development would, on the basis of the published plan for the establishment of the Bank, be in a position to provide funds also for the domestic part of the project. It is, however, assumed that the Bank will not undertake such lending operations unless satisfactory evidence has been presented with regard to the circumstances that make it impossible to obtain domestic loan funds at reasonable terms. Moreover, the countries receiving such assistance will have to make every feasible effort to reduce and ultimately to eliminate the need for the provision of funds by the Bank for such purposes.

Except in the case of large developments undertaken by governments or corporations (e.g. dam construction), the financing of agricultural improvement and adjustment will require the making of loans to a great number of individual borrowers. It is, however, expected that the Bank will in (p. 11) such cases confine itself to the providing of the needed loan funds to the domestic credit agencies and to the setting of the standards governing the making of the loans to the individual borrowers. It would then be the responsibility of the domestic credit agencies to make and service these loans and to control the use of the borrowed money and the maintenance in good repair of the property of the debtors.

3. *Activities of the Food and Agriculture Organization in the Field of Agricultural Credit.*

It is anticipated that the Food and Agriculture Organization will, in accordance with the recommendations at Hot Springs, establish a reporting and consulting service on the problems of agricultural credit. This service will be able to give valuable aid (1) to individual countries seeking to develop their national agricultural credit systems and (2) to any agricultural lending operations of the Bank for Reconstruction and Development.

In the establishment and maintenance of this service, the Organization will have the benefit of periodic reports of all member countries on the progress made and the actions taken by them in the field of agricultural credit since in accordance with the recommendations of the Hot Springs Conference, the making of such reports will be obligatory to the member countries.

Among the main tasks of the reporting and consulting service of the Food and Agriculture Organization on problems of agricultural credit will be the following:

(a) To collect basic and current information on the conditions of agricultural credit in various countries,[2] and to make it

---

[2] This might include collecting information on:

(i) legal and administrative measures affecting farm tenure, real estate mortgages and chattel mortgages, foreclosure, moratorium, debt adjustment, resettlement, terms of loan contracts, etc.;

Footnote continued on page 477

available, through a current information service, to member countries and to the proposed Bank for Reconstruction and Development.

(p. 12)

(b) To embark on comparative studies of problems that are of actual importance for the improvement of agricultural credit facilities in member countries, and to make the results of these studies available to member countries and to the Bank.

(c) To maintain a staff of international experts on technical, social, and economic problems of agricultural credit which would be at the disposal of

(i) governments of member countries for the purpose of consultation on general or specific problems related to the development of agricultural credit, and

(ii) the Bank for Reconstruction and Development for the purpose of analyzing agricultural problems that are of interest to the Bank.

In view of the direct concern of the Organization with all problems of agricultural reorientation and development, it is clearly appropriate that the Organization, if it is to be enabled to exercise an influence in its own field commensurate with the purposes for which it is to be established, should be recognized as a complementary body to the Bank in regard to agricultural credit. As such it would have to cooperate with the proposed Bank for Reconstruction and Development in the examination and control of agricultural reorientation and development projects for which international financing is desired. To make such cooperation

---

Continued from page 476

(ii) availability, conditions, and terms of various kinds of credit needed in agriculture (short-term, intermediate, and long-term credit in general; and specific kinds of credit, such as supervised credit, land settlement credit, credit for farmer cooperatives, and credit for local governments);

(iii) use of mortgage and chattel securities and of sureties in agricultural credit;

(iv) sources of credit (types of lenders, scope of their business, refinancing methods and opportunities, administrative and managerial problems, etc.);

(v) government assistance in the provision of agricultural credit by the way of guarantees and subsidies, and the relationship of such assistance to other aids to agriculture;

(vi) purpose, extent, and effect of the use of agricultural credit; especially interrelationships between the use of credit and the natural, social, and economic conditions in agriculture.

effective, a borrowing country should, upon recommendation of the Organization, be required, as a condition of the loan, to avail itself to the fullest extent, of the technical services and advice of the Organization in regard to the projects for which the loan is granted.

In many regions general developmental programs may be needed, including such coordinated activities as flood control, water conservation, electric power development and transmission, soil conservation, land reclamation and irrigation, agricultural reorientation, road and rail transport, and expansion of manufacturing and trade. Assistance to countries developing such programs may involve cooperation not only between the Bank and the Food and Agriculture Organization, but also with appropriate specialized international organizations.

IV.

Cooperation between the Proposed Bank for Reconstruction and Development and the Food and Agriculture Organization

The use of the lending powers of the proposed Bank for Reconstruction and Development in conformity with the policy objectives of the United Nations in the field of food and agriculture would be facilitated by providing for continuous close coordination between the Bank for Reconstruction and Development and the Food and Agriculture (p. 13) Organization of the United Nations, since it will be the task of the latter to give technical assistance to countries desiring to improve and adjust agricultural production, processing, and marketing in accordance with these principles. Coordination of the advisory activities of the one agency and the agricultural lending activities of the other will help to secure the use of the Bank's funds for projects that will best contribute to the achievement of needed nutritional and agricultural improvements. In addition, it should also help to reduce the risks of the Bank's lending in the agricultural field.

As an example of the common tasks of the two agencies, there may be mentioned the case of a country with badly balanced agriculture and poor agricultural credit facilities. In such a case, the Food and Agriculture Organization of the United Nations would be the agency to assist in the reorganization of the country's agricultural production program and to help in the establishment of effective agricultural credit institutions. The Bank for Reconstruction and Development, on the other hand, would consider proposals for the financing of agricultural projects in this country that could not be financed from domestic sources.

On the general policy level, coordination between the two agencies could be effected by providing for (1) a representation of the Organization on the Advisory Council of the Bank and (2) a representation of the Bank on the Conference of the Organization.

Effective coordination on the operating level could be brought about by providing, in the charter of the Bank, for the naming of one of the Bank's vice-presidents from a panel, suggested by the Organization, of say three persons with a wide knowledge of agriculture and experience in the administration of agricultural credit. It would be desirable for this vice-president to be a member of the Bank's Board of Directors and of the Bank's Executive Committee. Such an arrangement would be in conformity with the practices of private financial institutions of appointing a vice-president, or other high-ranking officer, as head of the agricultural loan department. In addition, continuous contacts would need to be maintained between the management of the Bank and the Secretariat of the Food and Agriculture Organization.

To have available to the Food and Agriculture Organization the experience of the agricultural vice-president of the Bank, arrangements should be made for his serving ex-officio as a consultant to the Organization on financial problems.

APPENDIX I

Excerpt from the Final Act of the United Nations Conference on Food and Agriculture, Hot Springs, Virginia, 1943.

Article XVI. *Agricultural Credit*

WHEREAS:

1. Capital development and adequate credit facilities are necessary if agricultural production is to be restored, increased, and intensified;

2. Agricultural credit in some countries has frequently been obtainable only at rates which the farmer could not afford to pay;

3. The agricultural communities in many countries have been unable to obtain information on the organization and development of agricultural credit systems in other countries;

4. In some countries full agricultural development has been or may be obstructed by difficulties in providing adequate capital;

The United Nations Conference on Food and Agriculture

RECOMMENDS:

1. That every endeavor be made to ensure an adequate supply of credit to agriculture;

2. That to this end full use be made of all types of suitable private, cooperative, and public credit institutions;

3. That the rate of interest be as low as possible and the conditions regarding initial cost, redemption, etc., be as favorable as possible for the borrowers, particularly with a view to helping the small farmer;

4. That, in view of the importance of agricultural credit, its requirements be duly recognized by international action taken as a result of this Conference.

APPENDIX II

Excerpt from a Draft Report to the Governments of the United Nations by the Interim Commission on Food and Agriculture.

5. *Agricultural Credit*

65. The Commission has given careful thought to the functions that ought to be performed by the Organization in the domain of agricultural credit. It is manifest that the basic purposes of the Organization will not be achieved unless international credit for agricultural projects is made available and effective on a considerable scale, and it follows that the promotion of a wise and liberal administration of international agricultural credit is among the major concerns of the Organization. Such an administration, indeed, is important not only to world agriculture but to world economy, and the doctrine of an expanding world economy, to which, at the Hot Springs Conference and elsewhere, the majority of governments have subscribed, is unlikely to be realized in the absence of sound policy and practice in regard to international agricultural credit. Investments directed towards the improvement of agricultural methods should bring quick returns in increased production, and this would not only be reflected in improved nutrition but also in increased international trade. Indeed, that portion of international investments which may be directed towards agriculture may bring about quicker effects upon world economy than larger sums needed for longer term developments.

66. The Commission conceives, however, that international credit and investment, whether related to agricultural or industrial development or to other purposes, would most suitably be administered by a single international authority charged with the appropriate functions in respect of all such purposes. It recommends that such an authority be established by agreement be-

tween the governments concerned, and that adequate arrangements be made for including the provision of agricultural credit among its functions. It further recommends that the Organization, or in the event of its not being established in time the Interim Commission itself, should be represented at any international conference that may be convened for the purpose of setting up an international credit and investment authority.

67. Credit will be needed for many agricultural developments—for example, the re-equipment of agriculture, mechanization, land reclamation, irrigation, afforestation, and increased storage, processing, and marketing facilities for agricultural products. Agricultural credit should, however, be interpreted not only as covering its conventional forms but also as including credit for adjustments in other parts of the economy in the interests of agricultural reorientation and better standards of nutrition.

(p. 2) 68. The Organization will have a direct concern with all these matters, and it is clearly appropriate, if it is to be enabled to exercise an influence in its own field commensurate with the purposes for which it is established, that it should be recognized as a complementary body to the international credit and investment authority with specific functions in regard to agricultural credit.

69. The specific functions relating to agricultural credit which the Commission recommends should be assigned to the Organization are as follows:

(a) The Organization should participate in the management of the international credit organization through representation on its governing body, in order to provide for due consideration of agricultural interests in the determination of general international credit and investment policies.

(b) Applications for international credit for an agricultural purpose should be considered by the international credit authority only after examination by the Food and Agriculture Organization and in the light of its recommendations.

(c) In appropriate cases, and if the Food and Agriculture Organization should so recommend, the borrowing country should be required, as a condition of the loan, to avail itself to the fullest extent, in regard to the projects for which the loan is granted, of the technical services and advice of the Organization.

Document 287

DP/17

Proposal for a Conference to Promote Stability in the Prices of Primary International Commodities

Presented by Brazilian Delegation to United Nations Monetary and Financial Conference.

1. Fluctuations in the prices of primary products during the interwar period were as much of a curse as recurring large scale unemployment.

The *Economist* index of sensitive commodity prices (1935=100) fell from 369 in February 1920 to 163 in January 1922; it rose gradually to 232 in November 1925 and fell, almost without interruption, reaching its low point of 75 in August 1931. It recovered to 175 in March 1937, to sink again to 88 in May 1938.

It may be said that after 1920 the disparity between the prices of agricultural commodities and raw materials and those of manufactured goods was the main cause of disequilibrium in international trade.

2. The introduction to the United States proposal for an International Monetary Fund states that "it is recognized that an international stabilization fund IS ONLY ONE of the instrumentalities which may be needed in the field of international economic cooperation. Other agencies are also needed to provide capital for post-war reconstruction and development, to provide funds for rehabilitation and relief and to promote stability in the prices of primary international commodities."

This Conference is expected soon to achieve an agreement on the international monetary fund and on the bank for reconstruction and development. The problem of rehabilitation and relief has already been dealt with by the Food Conference. Out of the four main problems mentioned in the United States proposal, that of the promotion of stability in the prices of primary international commodities is, therefore, the only one which still remains to be considered.

The inter-relationship between these international agencies has been similarly emphasized by the United Kingdom Treasury plan, in which it is said that "if an international investment or development corporation is also set up together with a scheme of Commodity Controls for the control of stocks of the staple primary products, we might come to possess in these three Institutions a powerful means of combating the evils of the Trade Cycle" and "it is possible that TAKEN TOGETHER these institutions may help the world to control the ebb and flow of the tides of economic activity which have, in the past, destroyed security of livelihood and endangered international peace."

3. The heavy fall in prices of the products imported by the industrial nations and the consequent improvement in these nations' terms of trade were of but illusory advantage to them, as the decline in purchasing power in the countries producing primary products brought about a corresponding reduction in the imports of these countries and thereby a depression in the export industries of manufacturing countries.

(p. 2) Manufacturing industries and raw materials production must stand or fall together.

It is often held that the maintenance of a high level of employment is, by itself, a guarantee of satisfactory prices for raw materials and agricultural products. It should not be overlooked, however, that even if a high level of employment is achieved everywhere, it may be seriously disturbed by price fluctuations in primary products resulting from climatic or other factors, with a resulting disequilibrium in relative prices capable of endangering the whole price structure.

4. Before the war, several international organizations had been formed to deal with the problem of raw material prices. These organizations could be made the starting point for more comprehensive ones in which both primary producer and manufacturing and consumer interests would be represented to prevent, as far as possible, violent fluctuations in the production stocks and prices of raw materials.

Experience has already taught that organizations of this kind can have a strong stabilizing effect on markets. They have, of course, to develop a technique of their own and the history of some of them has shown how their methods can gradually be improved and simplified. It has also shown that different raw materials need different methods.

The development and improvement of these organizations should not be made to contribute to restriction of production or to monopolistic practices, but rather to a continuous improvement in efficiency of methods of production and to the maintenance of ever-normal granaries. credit for which might be supplied both by the International Monetary Fund and by the producing countries.

5. BE IT RESOLVED that for the successful attainment of the objects pursued by the International Monetary Fund and the Bank for Reconstruction and Development, a Conference of United and Associated Nations to promote stability in prices of raw

materials and agricultural products be called to make recommendations for the achievement of a better balanced growth of international trade.

Document 288

DP/18

Draft Resolution Submitted to Commission III by Cuban Representatives to United Nations Monetary and Financial Conference

(Submitted as Alternative A to the motion filed with Commission III by the Peruvian Delegation (No. 9—Page 7—Doc. #235))

RESOLVED, that to implement the aims and objects of the International Monetary Fund and the Bank for Reconstruction and Development a Conference of the United and Associated Nations be convened in order to consider the necessary measures to insure higher standards of living and full employment through greater freedom and expansion of trade and the orderly marketing of staple commodities.

Document 289

DP/19

Draft Resolution Submitted to Commission III by Chilean Representatives to United Nations Monetary and Financial Conference

(Submitted as alternative to the motion filed with Commission III by the Peruvian Delegation (No. 9—Page 7—Doc. #235))

THE CONFERENCE DECLARES:

That the practical application of the International Monetary Fund, the technical organization of which has been approved, will be subordinated to the previous or simultaneous adoption of economic and financial measures which will facilitate the development of the production and insure the disposal of the staple products of economically weaker nations, so as to guarantee the safe operation of the new institution.

Document 290

DP/20

Mexican Delegation

Commission II

BANK FOR RECONSTRUCTION AND DEVELOPMENT

Proposed Amendment to Draft

Article I

Purposes of the Bank

The purposes of the Bank shall be the following:

1.—To encourage permanently the economic development of member countries.

2.—To assist, during the first post-war years, in the reconstruction of member countries and in the transition from a war-time to a peace-time economy.

3.—To coordinate its financial operations with those of other international and national financial agencies.

4.—To cooperate with all the agencies which the United and Associated Nations have created or may create.

To achieve these purposes, the Bank shall facilitate the provision of long-term capital for productive purposes, either by guaranteeing and participating in loans made by private investors, or when private capital is not available on reasonable terms, by furnishing capital out of its own resources.

Document 293

(p. 2d) SA/3/6

Alternative G

The purposes of the Bank shall be the following:

1. To encourage permanently the economic development of member countries.
2. To assist, during the first post-war years, in the reconstruction of member countries and in the transition from a war-time to a peace-time economy.
3. To coordinate its financial operations with those of other international and national financial agencies.
4. To cooperate with all the agencies which the United and Associated Nations have created or may create.

To achieve these purposes, the Bank shall facilitate the provision of long-term capital for productive purposes, either by guaranteeing and participating in loans made by private investors, or when private capital is not available on reasonable terms, by furnishing capital out of its own resources.

7/11/44 Art. I
Alt. G

Document 294

(p. 50b) SA/1/52

Alternative A

July 11th, 1944

SECTION 5. *Fixing initial par values of occupied countries* (Suggested modification of Article XIII, Section 5.).

Any member country that has been occupied by the enemy in whole or in part shall be entitled to postpone communicating to the Fund the initial par value of its currency during a period to be agreed upon with the Fund. Pending agreement with the Fund upon the initial par value of its currency, a member country shall be entitled to buy from the Fund with its currency the currency of other member countries after agreement with the Fund upon a provisional initial rate of exchange, which may be changed by action of such country within a period and range to be agreed with the Fund, subject to the provisions of Article IV, Section 6.

NOTE: This is a draft of the substance. The exact wording and possible revision of XIII, 5 is a matter for further consideration.

7/11/44 J.S. Article XIII
Section 5

Document 295

CI/1/DC3

Revised Wording of Article II, Section 5 (p. 4 of SA/1)

Suggested by the Drafting Committee of Commission I and submitted to Committee 1, since it covers a point of substance not passed upon by the Committee.

The proposed wording reads as follows:

"Each member shall pay in gold as a minimum either (a) twenty-five percent of its quota or (b) ten percent of its official holdings of gold and gold convertible exchange[1] as at ———, whichever is smaller. If the holdings of any member are not ascertainable as at such date because its territories have been occupied by the enemy the Fund shall fix an appropriate alternative date."

Committee 1 is asked to fill in the date left blank in this section.

Document 296

CI/2/AH

Proposals Put Before Committee 2 of Commission I on July 11th

I. The Ad Hoc subcommittee of Committee 2 to consider Article III-2-(3) of Alternative A (p. 6a), Alternative B (p. 6b), Alternative D (p. 6c), and Alternative F (p. 6e) presented the following report at yesterday's meeting:

1. That Section 2-(3) of Alternative A (p. 6a) be accepted as it stands;
2. That the first sentence following paragraph (4) of Section 2 of Alternative A (p. 6a) be amended to read as follows:

   "The Fund may in its discretion, and on terms which safeguard its interests, waive any of these conditions, especially in the case of members with a record of avoiding large or continuous use of the Fund's resources. In making such waiver it shall take into consideration periodic or exceptional requirements of members."

II. Mr. Monteros of the Mexican Delegation suggested that the second sentence following paragraph (4) of Section 2 be amended as follows:

> "The Fund shall also take into account a member's willingness to pledge as collateral 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 such waiver the pledge of such collateral."

III. Mr. Passos of the Cuban Delegation suggested that the

[1] The phrase "gold and gold convertible exchange" is subject to definition and to such change in terminology as may be agreed upon.

following words be inserted in the amendment of the Mexican Delegate after the word securities in the second line:

"and warehouse receipts of staple commodities in international trade."

7/11/44

Document 297

(p. 2d) SA/3/7

ARTICLE I

Alternative H

It is proposed to substitute the following for subdivision 4 of Alternative A:

4. To coordinate loans made or guaranteed by it with international loans through other channels so that the more useful and urgent projects will be dealt with first, *and taking into account the fundamental needs of all and each one of the member countries applying for reconstruction or development loans alike.*

Alternative I

The following is submitted as an amendment to Article I (3):

To promote the long range balanced growth of international trade by encouraging international investment for the development of the productive resources of member countries and to contribute thereby to the promotion and maintenance of high levels of employment and real income as a primary objective of economic policy.

7/12/44

Art. I
Alt. H & I

Commission II—Schedule of Work Assignments to Committees and Subcommittees of Bank Commission

Committee	Subcom. Ad Hoc	Work Assignment	Subject	Membership	Chairmen	Reporting Delegate
1	1a	pp. 3, 4, 5	"Membership, etc."	U.S., U.K., Norway, Australia, India	Beyen *Secretary:*	Oreamuno *Young*
1	1b	pp. 4-9 inc. p. 11	"Subscriptions"	U.S., U.K., Netherlands, USSR, France, Canada, China	Beyen *Secretary:*	Oreamuno *Sundelson*
2	2a	pp. 14-18 inc., p.21	"Ratio of Capital Employable"	U.S., U.K., USSR, China, France, Netherlands, Belgium, Poland, Cuba, Brazil, Czechoslovakia, Canada	Montoulieu *Secretary:*	Brigden *Bitterman*
2	2b	pp. 19, 20, 22, 24, 25	"Flat Rate of Commission"	U.S., U.K., USSR, China, France, Cuba, Netherlands, Norway, Mexico, Belgium	Montoulieu *Secretary:*	Brigden *Russell*
3	3a	p. 13, 15c, 15d, 34	"Relationship of International Agencies"	U.S., U.K., India, Canada, China, Colombia, S. Africa	Pumarejo *Secretary:*	deKock *Ezekiel*
3	3b	pp. 29-36 inc., 38, 40	"Management"	U.S., U.K., USSR, Cuba, Belgium, Norway, Netherlands, Brazil, South Africa	Pumarejo *Secretary:*	deKock *Ezekiel*
3	3c	pp. 42-44 inc., 47, 48	"Suspension, Withdrawals"	U.S., U.K., Belgium, Czechoslovakia, Mexico, Netherlands	Belgian Rep. *Secretary:*	deKock *Dyson*
4	4a	pp. 51-52 inc.	"Taxation"	U.S., U.K., India, Cuba, Poland	Deshmukh *Secretary:*	Baranski *Edmiston*

(p. 2)

Committee	Subcom. Ad Hoc	Work Assignment	Subject	Membership	Chairmen	Reporting Delegate
Drafting Subcommittee of Agenda Committee		All *Pages Remaining*	"Drafting"	U.S., U.K., USSR, China, Czechoslovakia, India, Mexico	Acheson *Secretary:*	—— *Smithies*
Agenda Committee		—	"Agenda"	U.K., U.S., USSR, China, Brazil, Canada, Cuba, France, India, Czechoslovakia	Keynes *Secretary:*	—— *Upgren*

Committee	Subcom. Ad Hoc	Time of Meeting	Room
1	1a	Wed., July 12, 9:30 a.m.	Hemicycle
1	1b	Wed., July 12, 2:30 p.m.	B
2	2a	Wed., July 12, 11:30 a.m.	B
2	2b	Wed., July 12, 4:30 p.m.	B
3	3a	Thurs., July 13	
3	3b	Thurs., July 13	
3	3c	Wed., July 12, 9:30 a.m.	B
	4a	Wed., July 12, 2:30 p.m.	Hemicycle
Drafting Subcommittee of Agenda Committee		Wed., July 12, 8:30 p.m.	A

Document 299

(p. 56)

JOURNAL

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

No. 12 Bretton Woods, New Hampshire July 12, 1944

ORDER OF THE DAY

Meetings for Wednesday, July 12

9:30 a.m.	Drafting Committee of Commission I	Room A
9:30 a.m.	*Ad Hoc* Committee C of Committee 3 of Commission II	Room B
9:30 a.m.	*Ad Hoc* Committee A of Committee 1 of Commission II	The Hemicycle
9:30 a.m.	*Ad Hoc* Committee IV, 5 of Commission I	Auditorium
10 a.m.	Committee 2 of Commission I	Auditorium
11:30 a.m.	*Ad Hoc* Committee A of Committee 2 of Commission II	Room B
12 noon	*Ad Hoc* Committee of Commission I on Exchange Controls	The Hemicycle
2:30 p.m.	*Ad Hoc* Committee B of Committee 1 of Commission II	Room B
2:30 p.m.	*Ad Hoc* Committee A of Committee 4 of Commission II	The Hemicycle
2:30 p.m.	Committee 1 of Commission I	Auditorium
4:30 p.m.	*Ad Hoc* Committee B of Committee 2 of Commission II	Room B
8:30 p.m.	Drafting Committee of Commission II	Room A

(p. 57)

RÉSUMÉS OF COMMISSION AND COMMITTEE MEETINGS

Committee 2 of Commission I

Operations of the Fund

(*July* 11, 2:30 *p.m.*)

The seventh meeting of Committee 2 of Commission I was held on July 11 at 2:30 p.m.

The Committee continued its discussion of article IV, Par Values of Member Currencies. The Committee approved article IV, sections 2, 3, and 4 of Alternative A (p. 17a of Document SA/1) and sections 5 and 6 of Alternative D (p. 18c). The Committee may reopen discussion of section 5(b) (p. 18c) after discussing article III, section 9(b) (p. 12). The Australian Delegate noted his reservation on Alternative C (p. 17c). The observation of the Canadian Delegate expressed at the last meeting will also be reported to the Commission.

The Committee deferred discussion of article III, section 10, and article XIII, section 5. The Committee began discussion of the report of the *ad hoc* committee on article III, section 2(3) and will continue this discussion at its next meeting at 10 a.m. on July 12.

(The minutes of this meeting are being distributed separately as document no. 302.)

Committee 3 of Commission I

Organization and Management of the Fund

(*July* 11, 10 *a.m.*)

The Committee raised several questions about the interpretation of article VIII, section 2, Alternative A (Document 210) and referred it to the Drafting Committee of Commission I for clarification. The Committee referred article VIII, section 4, Alternatives A and C to the Commission. Article VIII, section 3, was also referred to the Commission. No action was taken on article VII, section 7.

(The minutes of this meeting are being distributed separately as document no. 303.)

(p. 58)

Commission II

Bank for Reconstruction and Development

(*July* 11, 4 *p.m.*)

At the second meeting of Commission II the Chairman reported that the Agenda Committee had recommended that Document 245 be considered by the Commission. He announced the names of the Committee Chairmen and Reporting Delegates and the Committee assignments.

The following parts of the document were referred to the drafting committee: article I; article II, sections 7 and 8; article IV, sections 5, 8, 9, and 10; article V, sections 9, 11, and 13; article VI, section 5; article VII, sections 1 and 2; article VIII; article IX, sections 1 and 3; article III, section 2, as amended by the Commission.

There was some discussion of the title. It was agreed that the words "reconstruction and development" should be used, but agreement was not reached as to whether the organization should be called a "bank", a "corporation", or some other name.

It was agreed that sections of the document other than the title and those sections referred to the drafting committee should be considered by the various Committees. It was suggested by the Chairman that when a section is referred to a Committee, the

Chairman and Reporter of that Committee should have discretion either to discuss it in full committee or, in consultation with the Chairman, to appoint *ad hoc* committees forthwith. It was emphasized that where *ad hoc* committees were appointed, countries not represented on those committees should be perfectly free to make any suggestions and to attend the committee meetings if they wished. It was agreed that where *ad hoc* committees were set up they should report directly to the Commission.

The Chairman announced that the next meeting of the Commission would be held on Thursday, July 13, at which time Committee reports would be received.

At the close of the meeting the Chairman met with Committee Chairmen and Reporting Delegates and also with the Agenda Committee. *Ad hoc* committees were set up and their assignments are shown in a document distributed with the minutes of the meeting.

(The assignment sheet and minutes of this meeting are being distributed separately as documents nos. 298 and 300, respectively.)

Notice Regarding ad hoc Committee of Commission I on Article IX, Section 4

The Netherlands has been added to the list of members of the *ad hoc* committee of Commission I on article IX, section 4 (Exchange Controls on Current Payments).

(p. 59)

List of Documents Issued as of July 11, 1944

Subject	*Symbol*	*Doc. No.*
Minutes of Third Meeting of Commission I, July 10	CI/M/3	267
Journal No. 11	J/11	268
Transportation Form—Estimate of Special Train Space	GD/30	269
Transportation Form—Pullman Sleeper Space on Special Train	GD/31	270
Order of the Day, July 11	GD/32	271
Additional Page to SA/3 (p. 15f)	SA/3/1	272
Additional Page to SA/3 (p. 20a)	SA/3/2	273
Additional Page to SA/3 (p. 22e)	SA/3/3	274

Subject	*Symbol*	*Doc. No.*
Additional Page to SA/3 (p. 24a)	SA/3/4	275
Additional Page to SA/3 (p. 25a)	SA/3/5	276
Additional Pages to SA/1 (pp. 13a and 13b)	SA/1/48	277
Additional Pages to SA/1 (pp. 50 and 50a)	SA/1/49	278
Minutes of Meeting of Commission III	CIII/M/2	279
Drafting Committee of Commission I—Working Paper	CI/DC	280
Memorandum to Committee 2, Commission I (Misc.)	CI/2/MC	281
News Bulletin No. 12		282
Press Release No. 28—Statement by the Delegation of Panama	PR/28	283
Additional Page to SA/1 (p. 18c)	SA/1/50	284
Tables I and II in Explanation of Combined Alternatives A and B, Article III, pp. 13a and 13b	SA/1/51	285
Memorandum Submitted to Commission II by the Interim Commission on Food and Agriculture	CII/MC/1	286
Brazilian Delegation Proposal for a Conference to Promote Stability in the Prices of Primary International Commodities	DP/17	287
(p. 60)		
Draft Resolution Submitted to Commission III by Cuban Representatives as Alternative A to Motion Filed with Commission III by the Peruvian Delegation (No. 9, p. 7, Doc. 235)	DP/18	288
Draft Resolution Submitted to Commission III by Chilean Representatives as Alternative to Motion Filed with Commission III by Peruvian Delegation (No. 9, p. 7, Doc. 235)	DP/19	289
Proposed Amendment by Mexican Delegation to Draft of a Bank for Reconstruction and Development—Article I, Purposes of Bank	DP/20	290
News Bulletin No. 13		291

Document 300

CII/M/2

Minutes of Meeting of Commission II

Bank for Reconstruction and Development

(*July* 11, 1944, 4 *p.m.*)

At the second meeting of the Commission, the Chairman, Lord Keynes (United Kingdom), reported that the Agenda Committee recommended that the Preliminary Draft of Proposals for the Establishment of a Bank for Reconstruction and Development (Document No. 245) be considered by the Commission.

He announced that the following Committee Chairmen and Reporting Delegates had been nominated by their respective delegations:

Committee 1:
Chairman: Netherlands, J. W. Beyen
Reporting Delegate: Costa Rica, J. Rafael Oreamuno
Committee 2:
Chairman: Cuba, E. I. Montoulieu
Reporting Delegate: Australia, James B. Brigden
Committee 3:
Chairman: Colombia, Miguel López Pumarejo
Reporting Delegate: Union of South Africa, M. H. de Kock
Committee 4:
Chairman: India, Sir Chintaman D. Deshmukh
Reporting Delegate: Poland, Leon Barañski

The committee work of the Commission was assigned as follows:
- Committee 1 (Purposes, Policies, and Capital), articles I, II, and VI (4)
- Committee 2 (Operations), articles III and IV
- Committee 3 (Organization and Management), articles V and VI, except (4)
- Committee 4 (Form and Status), articles VII, VIII, IX, and X

The Chairman suggested that the present Agenda Committee or a subcommittee thereof constitute the drafting committee for the Commission. This was agreed to and there was further agreement that the drafting committee continue to accept suggestions from any delegation and refer such suggestions to the Commission if questions of substance were involved.

After discussion, the Commission arranged its program of work in the following way:

(a) The following parts of the document were referred to the drafting committee:

(p. 2)

Art. I
Art. II, 7 and 8
Art. IV, 5, 8, 9, and 10
Art. V, 9, 11, and 13
Art. VI, 5
Art. VII, 1 and 2
Art. VIII
Art. IX, 1 and 3

(b) The following details of the document were considered at the meeting:

(1) Title of the "bank". Alternative C was dropped. After some discussion it was agreed that the words "reconstruction and development" were preferred to "investment and guarantee", but agreement was not reached on whether the organization should be called a "bank", a "corporation", or by some other name.

(2) Article III, section 1. It was agreed that the word "restricted" be deleted from the title of the section and that Alternatives A and B be combined and amended as follows and referred to the drafting committee: "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."

(3) Article III, section 5, Alternative B. It was agreed that this Alternative should be considered in conjunction with article III, section 4, Alternative B.

(4) Article IV, section 3, Alternative B. It was agreed that this Alternative be considered with article III, section 3.

(c) The sections of the document other than the title and those sections referred to the drafting committee are to be considered by the various committees. It was suggested by the Chairman that when a section is referred to a Committee the Chairman and Reporter of that Committee should have discretion either to discuss it in full committee or, in consultation with the Chairman, to appoint *ad hoc* committees forthwith. It was emphasized that where *ad hoc* committees were appointed, countries not represented on those committees should be wholly free and urged to make additional suggestions and to attend such committee meetings as they might wish. It was agreed that *ad hoc* committees should report directly to the Commission.

The Chairman announced that the next meeting of the Commission would be held on Thursday, July 13, at which time committee reports would be received. While it is not expected that committee work should necessarily be complete by that time, it was hoped that substantial sections of the document could be passed on to the drafting committee.

(At the close of the meeting the Chairman met with the Committee Chairmen and Reporting Delegates and also with the Agenda Committee. *Ad hoc* committees were appointed and detailed assignments made as shown in Document No. 298. A subcommittee of the Agenda Committee was appointed to serve as drafting committee.)

Document 302

CI/2/M7

Minutes of Meeting of Committee 2 of Commission I

Operations of the Fund

(*July* 11, 1944, 2:30 *p.m.*)

The seventh meeting of Committee 2 of Commission I was held on July 11 at 2:30 p.m.

The Chairman announced that article IV, section 5, Alternatives A, B, and C (pp. 18, 18a, and 18b of Document SA/1) were referred by Commission I to an *ad hoc* committee of Commission I, and that article III, section 6, Alternatives A and B (pp. 9 and 9a) and article IX, section 4, Alternatives A, B, C, and D (pp. 40, 40a, and 40b) were also referred by Commission I to an *ad hoc* committee of Commission I and that all of these items are therefore removed from the agenda of Committee 2.

The Committee then continued its discussion of article IV, Par Values of Member Currencies. The Committee agreed to approve article IV, sections 2, 3, and 4 of Alternative A (p. 17a) and article IV, sections 5 and 6 of Alternative D (p. 18c). The Committee, however, reserved the right to reopen discussion of section 5 (b) (p. 18c) after it has discussed article III, Alternative A, section 9 (b) (p. 12). The Australian Delegate asked that his reservation on Alternative C (p. 17c) be noted in the report to Commission I. The Delegates of New Zealand, Czechoslovakia, and the Netherlands withdrew the reservations they had sent to the Reporter after the discussion of Alternative A at the last meeting. The Chairman said that the observation of the Canadian Delegate was not withdrawn.

The Committee deferred action on article III, section 10, Charges and Commissions (p. 13), to allow the committee members more time to study the material. The Committee also deferred discussion of article XIII, section 5, Fixing Initial Par Values (p. 50).

The Committee began discussion of the report of the *ad hoc* subcommittee of Committee 2 appointed to consider article III, section 2 (3), Alternatives A, B, D, and F (pp. 6a, 6b, 6c, and 6e) and will continue discussing this report at its next meeting at 10 a.m. on July 12.

Document 303

CI/3/M7

Minutes of Meeting of Committee 3 of Commission I

Organization and Management of the Fund

(*July* 11, 1944, 10 *a.m.*)

The Committee considered article VIII, section 2, Alternative A (Document 210), dealing with suspension and compulsory withdrawal from the Fund. A number of questions about the interpretation of this article were raised in the meeting. After the discussion, the Committee decided to approve the Alternative, section 2, 2(a) and 2(b), with a suggestion to the Drafting Committee of the Commission to state clearly under what conditions a country would be suspended from using the Fund's resources or be compelled to withdraw from membership and the fair procedure therefor. It was the consensus of the Committee that these sanctions should be applied only when the country's action directly affects the operation of the Fund.

The Committee received the report of its subcommittee on Liquidation and Withdrawal (Document 243).* The Committee agreed to eliminate from further consideration Alternative B, article VIII, section 4 (Document 241). It was unable to reach

* Document 243 should be corrected in the third paragraph, line 7, to read: "Alternative B" in place of "Alternative D". In the fourth paragraph, line 9, to read: "Alternative C" instead of "Alternative B".

agreement on Alternatives A and C for this section and referred the matter to Commission I. Article VIII, section 3 (p. 36), Settlement of Accounts with Governments Ceasing to be Members, was also referred to the Commission for action. No action was taken on article VII, section 7.

Document 304

(p. 51) SA/1/53

ALTERNATIVE A

Article XIII

Provisions Relating to Signature and Entry into Force of the Agreement

SECTION 1. *Signature*

(a) 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 ________, 19____.

(b) After ________, 19____, it 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.

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

(d) Each Government that signs this Agreement will 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.

(e) The Government of the United States of America shall inform the Government 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 of all signatures of this Agreement.

7/11/44 Art. XIII

(p. 51a) (f) At the time this Agreement is signed on its behalf each Government shall transmit to the Government of the United States of America one-twentieth of one per cent of its quota in gold or gold-convertible exchange 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 the initial meeting has not been called by ________, 19_____, the Government of the United States of America shall return such funds to the Governments that transmitted them.

SECTION 2. *Entry into Force*

As soon as this Agreement has been signed on behalf of Governments having sixty-five percent of the aggregate of the quotas set forth in Schedule A, this Agreement shall come into force between those Governments, which thereupon become members of the Fund. Each Government on whose behalf this Agreement is signed after that time shall become a member of the Fund as from the date of its signature.

SECTION 3. *Organizing the Fund*

(a) As soon as this Agreement comes into force under Section 2 of this Article each member shall appoint a Governor and the Government of the member having the largest quota shall call the first meeting of the Board of Governors.

7/11/44 **Art. XIII**

(p. 51b) (b) The Board of Governors shall at its first meeting elect the Executive Directors and arrange for the first meeting of the Executive Directors.

(c) As soon as possible after the first meeting of the Executive Directors has been held, the Managing Director shall be appointed and the Fund shall proceed to carry out the provisions of Section 4 of this article. Communications under that section addressed to the Fund and received before the Executive Directors have held their first meeting shall be entrusted to the Governor appointed by the member in whose territory the first meeting is held and shall be delivered by him to the Board of Governors or Executive Directors as the case may be.

SECTION 4. *Fixing Initial Par Values.*

[Distributed separately.]

Signed 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.

7/11/44 **Art. XIII**

Document 307

CI/1/DC4

Third Report of the Drafting Committee of Committee 1 of Commission I

(*July* 11, 1944)

In view of the action taken by Committee 2 in agreeing on those parts of Article IV which deal with changes in exchange rates, the Drafting Committee considered Article I, Section 4, which deals with the promotion of exchange stability as an objective of the Fund.

The Drafting Committee recommends that the language of Alternative A of Section 4, Article I, be approved by the full Committee. The language is as follows:

> "To promote exchange stability, to maintain orderly exchange arrangements among member countries, and to avoid competitive exchange depreciation."

The Drafting Committee wishes to report that the representative of the Australian Delegation reserved the Australian position on this section in favor of Alternative D, page 1b of Document SA/1.

The Drafting Committee recommends the following language for Article IX, Section 2 (p. 38 of SA/1):

> "The Fund shall prescribe for transactions in gold by member countries a permissible margin above and below the agreed parity. No member country shall buy gold at a price above the prescribed range, nor sell gold at a price below that range."

This language permits member countries to buy gold below the range and to sell gold above the range.

The Committee considered Alternative C relating to this section, page 39b, but does not recommend the inclusion in this agreement of special provisions for bonuses to the gold mining industry of member countries.

The Drafting Committee recommends the following language for Article IX, Section 3, paragraph (a), which deals with the (p. 2) range of exchange transactions over and under the agreed parities:

> "(a) The Fund shall prescribe a uniform maximum margin not exceeding ______% by which rates for transactions in the

currencies of members may differ from parity. In exceptional circumstances the Fund may authorize a member country to establish a wider margin for transactions in its currency."

The Drafting Committee felt that the insertion of a figure in the above paragraph and the decision as to whether the prescribed margin should apply to spot transactions only or to both spot and future transactions were matters of substance to be decided by the full Committee. In the discussion of this section some of the members of the Drafting Committee expressed a preference for leaving out the words "not exceeding ____%".

The Drafting Committee considered Alternatives A and B of Article IX, Section 3, Paragraph (c) (pages 39 and 39a), Document SA/1. The Committee as a whole was not in favor of the wording of Alternative B but the position of the representative of the United Kingdom on this Alternative was reserved.

There was some feeling in the Committee in favor of an undertaking on the part of member countries to cooperate in dealing with illegal exchange transactions milder than is provided either in Alternative A or B. The Committee therefore submits to the full Committee the following language for its consideration:

"Article IX, Section 3.

"(c) Exchange transactions in the territory of one member involving the currency of any other member which are outside the prescribed variation from parity set forth in (a) above shall not be enforceable in the territory of any member country.

"Each member agrees to cooperate with other members in their efforts to effectuate exchange regulations prescribed by such members in accordance with this Agreement."

The above language is not submitted as a definite recommendation by the Drafting Committee but merely as a possible third alternative for the consideration of the full Committee.

Document 310

(p. 26j) SA/1/54

Alternative J

Alternative J is submitted as a substitute for Paragraph 2 of the "Final Alternative submitted by the Special Committee . . . et cetera" (CI/3/SI, Doc. 212 and for Schedule B in the "Combined Alternative A and B . . ." (SA/1/17, Doc. 152, page 26).

2. There shall be twelve Executive Directors of whom
   (a) five shall be appointed by the five members having the largest quotas,
   (b) five shall be elected by the remaining members, other than the American Republics, and
   (c) two shall be elected by the American Republics, exclusive of any entitled to appoint an Executive Director under (a), above.

Elections shall be conducted biennially in accordance with the provisions of Schedule B. Persons chosen as Executive Directors need not be Governors.

SCHEDULE B

(a) In balloting for the five Executive Directors to be elected under 2(b), above, each of the governors eligible to vote shall cast for one person all of the votes to which he is entitled under the first paragraph of Section 3 of this article (J.S. VII, 2). The five persons receiving the greatest number of votes shall be Executive Directors, except that no person who receives less than nineteen per cent of the aggregate eligible votes shall be considered elected.

(b) When five persons are not elected on the first ballot, a second ballot shall be held in which the person receiving the lowest number of votes shall be ineligible for (p. 26k) election and in

7/12/44

Art. VII Sec. 2 and Schedule B of Combined Alternatives A and B

which there shall vote only those governors who voted on the first ballot for a person not elected and those governors all or part of whose votes for a person elected are deemed to have raised the votes cast for that person above twenty per cent of the aggregate eligible votes.

(c) In determining whether any part of the votes cast by a governor are to be deemed to have raised the total of any person above twenty per cent, there shall be considered as not forming part of the excess over twenty per cent 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 the total reaches twenty per cent.

(d) Any governor whose votes are partly not in excess and partly in excess shall be eligible to vote in the second balloting only to the extent of the votes in excess.

749013—48—33

(e) If on the second ballot, five persons have not been elected, further ballots shall be taken 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.

(f) The balloting for the two Executive Directors to be elected by the American Republics under 2(e) above shall be conducted as follows:

(1) Each of the Directors shall be elected separately.

(2) In the election of the first Director, each governor representing an American Republic eligible to (p. 26 l) participate

7/12/44

Art. VII Sec. 2 and Schedule B of Combined Alternatives A and B

in the election shall cast for one person all the votes to which he is entitled under the first paragraph of Section 3 of this Article (J.S. VII-2).

The person receiving the largest number of votes shall be elected provided that he has received not less than 45 per cent of the aggregate eligible votes.

(3) If no person is elected on the first ballot, then further ballotings shall be held, at each one of which the person receiving the lowest number of votes shall be eliminated, until one person is elected in accordance with the provisions of paragraph (2) above.

(4) Governors whose votes contributed to the election of the first Director shall take no part in the election of the second Director.

(5) Persons who did not succeed in the first election shall, nevertheless, be eligible for election as the second Director.

(6) The second Director shall be elected in the same manner as the first except that only a majority of the votes participating shall be required for election. If at the first ballot no person receives a majority vote, then further ballotings shall be taken at each one of which the person receiving the lowest number of votes shall be eliminated, until only two persons are left, at which time the person receiving the largest number of votes shall be elected.

(7) The second Director shall be deemed to have been elected by all the votes eligible to participate in the second election.

7/12/44

Art. VII Sec. 2 and Schedule B of Combined Alternatives A and B

Document 311

CI/AH/RP2

July 11, 1944

Ad hoc Committee of Commission I on Relations with Non-Member Countries

The following text is submitted to Commission I by the *Ad hoc* Committee on Relations with Non-Member Countries.

The following material is suggested as a new section to be added to Article IX, Obligations of Member Countries:

Each Member Country agrees:

(a) Not to undertake any transactions with a non-member country which would be contrary to the purposes and provisions of the Fund, and not to allow its agencies with the Fund to undertake such transactions,

(b) Not to cooperate with non-member countries in practices which are against the purposes and provisions of the Fund,

(c) To cooperate with the Fund in order to apply appropriate measures to prevent transactions with non-member countries which are contrary to the purposes and provisions of the Fund.

Document 313

(p. e) SA/3/8

Alternative J

Article I

Purposes of the Bank

The Bank shall be guided by the following purposes:

1. To assist in the reconstruction and development of member countries by facilitating provision of investment capital for productive purposes including the restoration of economies disrupted by war and the reconversion of productive facilities to peacetime needs.
2. 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 financial agencies by providing capital for productive purposes out of its own resources on suitable conditions.

3. To promote the long-range balanced growth of international trade by encouraging international investment for the development of the productive resources of member countries.
4. To coordinate loans made or guaranteed by it with international loans through other channels so that the more useful and urgent projects will be dealt with first.
5. To conduct its operations with due regard to the effect of international investment on business conditions in member countries and, in the immediate post-war years, to assist in bringing about a smooth transition from a wartime to a peace-time economy.

7/12/44

Art. I
Alt. J

Document 314

(p. 12a)

SA/3/9

ALTERNATIVE C

(Alternative A as amended in Commission Meeting, July 11)

SECTION 1. The resources and facilities of the Bank shall be used exclusively for the benefit of member countries with due regard to the extreme urgency of immediate post-war reconstruction of war torn areas.

7/12/44

Art. III
Sec. 1
Alt. C

Document 315

(p. 25h)

SA/1/55

ALTERNATIVE E

(Substitute for Article VII, I of the Joint Statement—as a variant for Alternative C, p. 25d)

Formation of the Executive Committee:

The Executive Committee shall consist of fifteen executive directors, appointed as follows:

(1) Five directors representing each one of the member countries having the largest quotas.
(2) Three directors representing the member countries in the economic area of the British Empire.
(3) Three directors representing the member countries in the economic area of the American Republics.

(4) *One director representing the mid-east countries.*

(5) Three directors representing the member countries in all other economic areas.

Each director shall have an alternate appointed in the same manner. Executive directors and their alternates need not be governors and may be reappointed.

7/12/44 J.S. Art. VII
Sec. 1

Document 316

(p. 43c) SA/1/56

Joint Statement—No Provisions

The following material has been suggested as an addition to Article IX.

Section 9. *Obligations of Member Countries.*

Each Member Country agrees:

(a) Not to undertake any transactions with a non-member country which would be contrary to the purposes and provisions of the Fund, and not to allow its agencies with the Fund to undertake such transactions,

(b) Not to cooperate with non-member countries in practices which are against the purposes and provisions of the Fund,

(c) To cooperate with the Fund in order to apply appropriate measures to prevent transactions with non-member countries which are contrary to the purposes of the provisions of the Fund.

7/12/44 J.S. Art. IX
Addition Section (9)

Document 317

DP/21

Egyptian Delegation

Amendment to Article VII, I of the Joint Statement

The Egyptian Delegation suggests the following amendment, which is a variant of Alternative C, page 25d.

Formation of the Executive Committee:

The Executive Committee shall consist of fifteen executive directors, appointed as follows:

(1) Five directors representing each one of the member countries having the largest quotas.
(2) Three directors representing the member countries in the economic area of the British Empire.
(3) Three directors representing the member countries in the economic area of the American Republics.
(4) *One director representing the mid-east countries.*
(5) Three directors representing the member countries in all other economic areas.

Each director shall have an alternate appointed in the same manner. Executive directors and their alternates need not be governors and may be reappointed.

Document 318

CI/3/RP3

Third Report of Committee 3 to Commission I.

I.

Committee 3 submitted to Commission I for decision one item about *Voting in the Board of Governors* (Document 239, page 5, first paragraph). The difference of opinion in Committee 3 related to the second paragraph of Alternative A of Section 3 of Art. VII of the Draft (pages 26 of the Draft). This paragraph contains a specific provision on votes required under Article III. It should be noted that the member, who presented Alternative A, interpreted this proposal by restricting the respective decisions under Article III, to two items: (a) to the decision of the Fund of suspending a member from making further use of the Fund's resources on the ground that it is using them in a manner contrary to the purposes and policies of the Fund (III, 2d of the Joint Statement) and (b) to the decisions of the Fund in exercising its discretion in determining whether and on what terms it shall waive the conditions mentioned under III, 2a to d of the Joint Statement.

The Committee expressed its desire that paragraph 2 should be more clearly drafted if adopted for the Final Draft.

However, as to the merit of this paragraph three opinions were advanced: one approving it, as contained in Alternative A; the other modifying it by replacing the unit of two hundred thousand

United States dollars by two million United States dollars and the third outrightly opposing this deviation from the normal voting procedure. Commission I did not take action on this item. That is why *these three Alternatives are hereby submitted again to Commission I for decision.*

II.

Committee 3 did not consider Section 9 of Art. VII—*Location of Office.* Action will be taken probably by Commission I directly.

III.

Committee 3 considered Section 2 of Art. VII (Suspension of Membership or Compulsory Withdrawal, page 35 of the Draft). Alternative A was accepted with a suggestion to the Drafting Committee of the Commission to state clearly under what conditions a country would be suspended from using the Fund's resources or be compelled to withdraw from membership and the fair procedure therefor. It was the consensus of the Committee that these sanctions should be applied only when the country's action directly affects the operation of the Fund.

(p. 2)

IV.

Committee 3 considered jointly Sections 3 and 4 of Art. VIII. (Settlement of Accounts with Countries Ceasing to be Members, and Liquidation of the Fund, pages 36, 36a, 36b, 36bb, 36c, 36d, 36e, 36f, 37, 37a, 37b, 37c of the Draft). Committee 3 based its discussion and its recommendations to Commission I on a Report submitted by a Subcommittee which worked under the chairmanship of Mr. Camille Gutt, and is included in Document 243. The result of the deliberations of Committee 3 is the following:
Liquidation of the Fund (Art. VIII, Sec. 4.)

Paragraph (a) as contained in Alternative A (page 37 of the Draft) was approved.

Paragraph (b) as contained in Alternative A was approved in the following version:

"If a decision to liquidate the Fund is carried, (i) the Fund shall forthwith cease to engage in any activities except those incident to an orderly liquidation of its assets and the settlement of its liabilities, and (ii) all the obligations of members under this agreement other than those specified in the following paragraphs of this Section and.................. shall cease to have effect." (The dotted space indicates that there may be some other obligations remaining, which are not directly connected with the liquidation; these other obligations may be inserted here by the Drafting Committee.) The Committee was of the opinion that this clause might be inserted either at this place or in some other Section of the document relating to the obligations of the members, at the discretion of the final drafting committee.

Paragraph (c) was adopted without change.

Paragraph (d) was considered in the light of Alternatives A, B, and C. Alternative B is, among the three Alternatives, the broadest because it confers upon the Board of Governors the jurisdiction to decide how the assets of the Fund shall be distributed after the discharge of the liabilities in case the Board of Governors should choose to liquidate the Fund. *Thus the first pertinent question submitted to Commission I is whether the principles concerning the distribution of assets should be included into the Constitution of the Fund, or whether they should be determined by the Board of Governors in the case that this agency chooses to liquidate the Fund.*

The following considerations are based on the assumption that Commission I chooses to include into the (p. 3) Constitution the principles concerning the distribution of assets, thus they are based on Alternatives A and C (with reference to paragraph d).

According to Alternative A, in the words of the Chairman of the Subcommittee, the creditor countries (beginning with the largest creditor) will be paid first in their own currency, as far as it is held by the Fund, then in gold, as far as gold is held by the Fund. The balance (if any) is paid in the currency of the next largest creditor and then in that of the next largest creditors. Alternative C provides that each country shall have a prior claim up to its quota to its own currency held by the Fund and that the remaining assets (including gold and currencies) shall then be distributed proportionally to the remaining credit balances. In the opinion of the Chairman of the Subcommittee, in the process of a liquidation according to Alternative A, the largest creditor or creditors may absorb the whole of the gold and/or strong currencies, whilst according to Alternative C the gold and currencies will be divided proportionately. *Committee 3 refers Alternatives A and C (with reference to paragraph d) to Commission I for decision* provided that Commission I did not choose previously Alternative B.

Paragraph (e) was accepted in principle. However, one member favored a five-year term for redemption of its excess currency instead of the three-year period provided for in Amendment A. Thus, *Committee 3 decided to refer the two Alternatives (redemption within three or five years) to Commission I for decision.* This paragraph includes the provision that members who are under obligation to redeem their currency under this paragraph, unconditionally guarantee at all times the *unrestricted* use of such currency for the purchase of goods or for the payment of other sums due to it or to its nationals. It was suggested in the Committee that the Drafting Committee should consider how to shape this provision in the light of possible exchange and trade regulations and existing private contracts.

Settlement of Accounts with Governments Ceasing to be Members.

Committee 3 considered Alternatives A, B, and C (pages 36, 36a, 36b, 36c, 36d, 36e, and 36f) in the light of the Report of its Subcommittee (Document 243). It was suggested that Article VIII, Section 3 (a) be amended with the insertion after the first sentence of the following: "Failing such agreement settlement shall be made in accordance with the provisions of (c), (d) and (e)." However, no agreement was reached which of the three Alternatives should be recommended for adoption. The discussion focused on the same point as mentioned in this Report in connection with Art. VIII, 2(d) (Liquidation of the Fund). It was assumed that after decision is taken by Commission I on the provision contained in VIII, 2d of the Draft (p. 4) (Liquidation of the Fund) it will be feasible for the Drafting Committee to combine the three Alternatives. It has been suggested that the Drafting Committee clarify paragraph (f) as far as the exchange rate of currencies which have to be acquired is concerned, because the currency of the country which has left the Fund may deteriorate, and indemnification is provided for (last sentence of par. f, Alternative A) only in respect to the Fund.

If Commission I would find that the coordination of the provisions of the Section concerning "Settlement of Accounts with Governments Ceasing to be Members" would transcend the scope of its Drafting Committee, an *Ad Hoc* Committee could be charged with that task.

Committee 3 considers to have completed the work on its assignment.

Ervin Hexner,
Reporting Delegate.

Document 319

(p. 61)

JOURNAL

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

No. 13 Bretton Woods, New Hampshire July 13, 1944

ORDER OF THE DAY

Meetings for Thursday, July 13

9:30 a.m.	Committee 3A of Commission II	Room A
11 a.m.	Drafting Committee of Commission I	Room B
11:30 a.m.	Committee 3B of Commission II	Room A
2:30 p.m.	Commission I	Auditorium
5 p.m.	Commission II	Auditorium
8:30 p.m.	Committee 3 of Commission III	Room A

(p. 62)

Resumés of Committee Meetings

Committee 1 *of Commission I*

Purposes, Policies, and Quotas of the Fund

(*July* 12, 2:30 *p.m.*)

The Committee considered section 5, article II, as submitted by the drafting committee and decided to refer the question of the date to be inserted in paragraph (b) to Commission I on the ground that there had been insufficient time to consider the question.

The Committee agreed to drop Alternative F, article I (p. 1c of SA/1). It also considered Alternatives C (p. 2b) and D (p. 4b) under article II and referred them to Commission III. It then considered article IX, section 8, Alternative A (p. 43b), and agreed that this matter was covered elsewhere.

The third report of the language subcommittee was then considered. The recommendations to accept section 4, article I, and section 2, article IX (p. 38), were adopted. The Committee then referred to Commission I the proposed language for article IX, section 3, paragraph (a), since the matter is related to questions under consideration by Committee 2.

Alternatives A and B of article IX, section 3, paragraph (c) (pp. 39 and 39a), as redrafted by the language subcommittee, were considered. It was decided to refer the redraft and Alternatives A and B to Commission I.

(The minutes of this meeting are being distributed separately as document no. 326.)

Committee 2 of Commission I

Operations of the Fund

(*July* 12, 10 *a.m. and* 2:30 *p.m.*)

The Committee accepted the report of the *ad hoc* subcommittee that article III, section 2, paragraph (3), be approved as it stands in Alternative A (p. 6a). The Committee accepted the report of the *ad hoc* subcommittee that the sentences following paragraph (4) of article III, section 2 (p. 6a), be revised, and amended the revision as proposed by the subcommittee. (p. 63)

The Committee agreed on the principles involved in article III, section 10, Charges and Commissions, combined Alternatives A and B, (pp. 13a and 13b), but there was considerable divergence of views as to the nature and amount of the charges. Alternative C (p. 13b) was also discussed and received substantial support.

The Committee accepted the wording of article III, section 12, Consideration of Representations of the Fund (p. 15), recommended by the language subcommittee.

The Committee agreed to eliminate article III, section 9, Transferability and Guarantee of the Assets of the Fund, paragraph (b) (p. 12), and a subcommittee was appointed to revise, in the light of the Committee's discussion, the proposal made on page 4 of Document 281.

The Committee approved article IV, section 5, Changes in Par Values, paragraph (b), Alternative D (p. 18c).

The Committee discussed article XIII, section 5, Fixing of Initial Par Values, Document 278 (p. 50), Alternative A (p. 50b), Alternative B (presented orally), and Alternative B (p. 16a). The Committee approved paragraphs (a), (b), (c), and (d) of Document 278 and Alternative B as presented orally, and appointed a subcommittee to expand Alternative B to meet in part the proposals made in Alternative B (p. 16a) and Alternative A (p. 50b).

(The minutes of this meeting are being distributed separately as document no. 325.)

Notice Regarding Document 243

Document 243, "Report of Subcommittee of Committee 3 of Commission I on Liquidation and Withdrawal", should be corrected in the third paragraph, line 7, to read "Alternative B" in place of "Alternative D". In the fourth paragraph, line 9, "Alternative C" should be substituted for "Alternative B".

(p. 64)

List of Documents Issued as of July 12, 1944

Subject	*Symbol*	*Doc. No.*
Revised Telephone Directory, UNMFC, July 12	GD/33 (13)	(114)
Additional Page to SA/3—Alternative G; Article I—Submitted by Mexican Delegation (p. 2d)	SA/3/6	292 293
Additional Page to SA/1—Alternative A, Article XIII, sec. 5 (p. 50b)	SA/1/52	294
Proposed Revised Wording of Article II, sec. 5, p. 4 of SA/1—by Drafting Committee of Commission I and Submitted to Committee 1	CI/1/DC3	295
Proposals by *Ad Hoc* Subcommittee, Committee 2, Commission I, July 11, on Article III, 2 and 3, Alternative A (p. 6a), Alternative B (p. 6b), Alternative D (p. 6c), and Alternative F (p. 6e)	CI/2/AH	296
Additional Page for SA/3—Alternatives H and I, Article I (p. 2d)	SA/3/7	297
Commission II—Schedule of Work Assignments to Committees and Subcommittees of Bank Commission	CII/	298
Journal No. 12	J/12	299
Minutes of Meeting of Commission II, July 11, 4 p.m.	CII/M/2	300
Order of the Day, July 12	GD/34	301
Minutes of Meeting of Committee 2, Commission I, July 11, 2:30 p.m.	CI/2/M7	302
Minutes of Meeting of Committee 3, Commission I, July 11, 10 a.m.	CI/3/M7	303
Additional Page to SA/1—Alternative A, Provisions Relating to Signature and Entry into Form of Agreement	SA/1/53	304
News Bulletin No. 14		305
Press Release No. 29—Statement by Mexican Delegation	PR/29	306
Third Report of Drafting Committee of Committee 1, Commission I	CI/1/DC4	307
(p. 65)		
Additional Pages to SA/1 (pp. 26j, k, l)	SA/1/54	310
Report of *Ad Hoc* Committee to Commission I on Relations with Non-Member Countries	CI/AH/RP2	311
News Bulletin No. 15		312
Additional Page to SA/3—Alternative J, Article I, Purposes of the Bank (p. 2e)	SA/3/8	313
Additional Page to SA/3—Alternative C, Article III, sec. 1, Alternative A as Amended in Commission Meeting, July 11 (p. 12a)	SA/3/9	314

Document 320

GI/DC/1

Report of Drafting Committee of Commission I—Annex I

Outline of Articles and Sections of Fund Agreement

(References are to pages of SA/1)

Introductory Article (New)
- I. Purposes (I-p. 1)
- II. Membership (II, in part)
  - 1. Original members (p. 2)
  - 2. Other members (p. 2)
- III. Quotas and Subscriptions (II, remainder)
  - 1. Quotas (p. 2)
  - 2. Adjustment of quotas (p. 2)
  - 3. Subscriptions: time, place and form of payment (p. 2, p. 5)
  - 4. Payments when quotas are changed (p. 2, p. 5)
  - 5. Substitution of securities for currency (p. 29)
- IV. Par Values of Currencies (IV)
  - 1. Expression of par value (p. 16)
  - 2. Gold purchases based on parity (p. 38)
  - *3. Foreign exchange dealings based on par values (p. 39)
  - 4. Obligations regarding exchange stability (p. 17a)
  - 5. Changes in par values (p. 17a)

*Text not yet available.

6. Action by the Fund on proposed changes (p. 17aa)
7. Effect of unauthorised changes (p. 17aa)
*8. Uniform changes in par values (p. 18)
9. Maintenance of gold value of the Fund's assets (p. 19)
10. Separate currencies within a member's territories (p. 20)

(p. 2)

V. Transactions with the Fund (III, in part)
1. Agencies dealing with the Fund (p. 5)
2. Limitation on the Fund's operations (p. 7)
3. Conditions governing use of the Fund's resources. (p. 6a)
4. Waiver of conditions (p. 6a)
5. Ineligibility to use the Fund's resources (p. 6b)
6. Purchases of currencies from the Fund with gold (p. 10)
*7. Other acquisitions of gold by the Fund (p. 11)
*8. Charges and commissions (p. 13)

VI. Capital Transfers (V; III)
1. Use of the Fund's resources for capital transfers (p. 21)
2. Special provisions for capital transfers (p. 6a)
3. Control of capital transfers (p. 22)

VII. Scarce Currencies (VI; III, in part)
1. General scarcity of currency (p. 23b)
2. Measures to maintain the Fund's holdings of scarce currencies (p. 6a)
3. Scarcity of the Fund's holdings (p. 23b)
4. Administration of restrictions (p. 23c)
5. Effect of other international agreements or restrictions (p. 23c)

VIII. General Obligations of Members (IX, in part; III, in part; VII, in part)
1. Introduction (p. 38)
*2. Exchange controls on current payments (p. 40)
*3. Multilateral clearing (p. 9)
*4. Acceptance of currency purchased from the Fund (p. 12)
*5. Furnishing of information (p. 14c)
6. Consultation between members regarding existing international agreements (p. 48)

***Text not yet available.**

*Text not yet available.

Document 321

CI/DC/2

Report of the Drafting Committee of Commission I—Annex II

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:

(a) To promote international monetary cooperation through a permanent institution which provides the machinery for consultation on international monetary problems.

(b) 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 to the development of the sources of productive power in the territories of all members as primary objectives of economic policy.

(c) 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.

(d) To promote exchange stability, to maintain orderly exchange arrangements among member countries, and to avoid competitive exchange depreciation.

(p. 2) (e) To assist in the establishment of a multilateral

*Text not yet available.

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.

(f) 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 above.

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 in accordance with Article XIX, Section 1.

SECTION 2. *Other Members.*

Membership shall be open to 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 in accordance with Article XIX, Section 1, shall be those set forth in Schedule A annexed hereto subject to subsection (b) of that Section.

(a) Quotas of other members shall be determined by the Fund.

(p. 3)

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 vote 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 fixed under Article XIX, Section 4, for exchange transactions in the member's currency to begin.

(b) Each member shall pay in gold as a minimum either (i)

749013 — 48 — 34

twenty-five per cent of its quota or (ii) ten per cent of its official holdings of gold and gold convertible exchange[1] as at ———, whichever is the smaller. If the holdings of any member as at such date are not ascertainable because its territories have been occupied by the enemy, the Fund shall fix an appropriate alternative date. Each member shall furnish to the Fund the data necessary to determine its official holdings of gold and gold convertible exchange.

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

(p. 4)

SECTION 4. *Payments when quotas are changed.*

(a) Each member shall pay within thirty days of the date on which it approves an increase in its quota twenty-five per cent of the increase in gold and the balance in its own currency. If, however, on the date when the member approves an increase, its holdings of gold and gold convertible exchange are less than its new quota, the Fund may reduce the proportion of the increases to be paid in gold.

(b) The Fund shall pay each member whose quota is reduced within thirty days of the date on which the member approves the reduction an amount equal to the reduction. The payment shall be made in the currency of that member and in such amount of gold as may be necessary to prevent reducing the Fund's holdings of that member's currency below seventy-five per cent of its 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 not needed by the Fund in its operations, notes or similar obligations issued by 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 a credit, to the account of the Fund in the territory of the member. This section shall apply not only to currency subscribed by members but also to any currency otherwise acquired by the Fund.

(p. 5)

Article IV. *Par Values of Currencies*

SECTION 1. *Expression of Par Values.*

(a) The par value of the currency of each member shall be

[1]The phrase "gold and gold convertible exchange" is subject to definition and to such change in terminology as may be agreed upon.

expressed in terms of gold, as a common denominator, or in terms of a gold-convertible currency unit 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 Parity.*

The Fund shall prescribe for transactions in gold by members a permissible margin above and below parity. No member shall buy gold at a price above parity plus the prescribed margin, nor sell gold at a price below parity minus the prescribed margin.

SECTION 3. *Foreign Exchange Dealings Based on Par Values.*

(Text not yet available.)

SECTION 4. *Obligations Regarding Exchange Stability.*

(a) The members agree that they will collaborate with the Fund to promote exchange stability, to maintain orderly exchange arrangements among members, and to avoid competitive exchange alterations.

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

SECTION 5. *Changes in Par Values.*

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. When a change is proposed, (p. 6) 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. If the proposed change, together with all previous changes, whether increases or decreases:

(a) does not exceed ten percent of the initial par value, the Fund shall raise no objection;

(b) 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;

(c) is not within (a) or (b) above, the Fund may either concur or object, but shall be entitled to a longer period than seventy-two hours in which to declare its attitude.

SECTION 6. *Action by Fund on Proposed Changes.*

(a) The Fund shall concur in a proposed change under Section 5(b) or (c) 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 on the ground of the domestic social or political policies of the member proposing the change.

(b) The Fund shall also concur in a proposed change under Section 5(b) or (c) if it is satisfied that such change will not affect the international transactions of the member proposing the change.

(p. 7) (c) If the Fund is not satisfied in accordance with (a) or (b) above, and deems the proposed change unjustified, having regard to the proper working of the Fund, it shall object to the proposed change; but in arriving at its decision it shall take into consideration the extreme uncertainties prevailing when the par values of the currencies of members were initially determined.

SECTION 7. *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 XIV, Section 2.

SECTION 8. *Uniform Changes in Par Values.*

(Text not yet available.)

SECTION 9. *Maintenance of Gold Value of the Fund's Assets.*

(a) The gold value of the assets of the Fund 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 par 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 compensate the Fund by paying 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.

(p. 8) (c) Whenever the par value of a member's currency is increased the Fund shall compensate such member by returning, within a reasonable time, an amount in the member's 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 10. *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 XIX, Section 1. It shall, however, be open to a member to declare that its proposal relates either to the metropolitan currency alone, or to one or more specified separate currencies alone, 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 (p. 9) to transactions for the purpose of supplying a member, on the initiative of such member, with the currency of another member in exchange for the currency of the member initiating the transactions or for gold.

SECTION 3. *Conditions Governing Use of the Fund's Resources.* 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 payments in that currency which are consistent with the provisions of this Agreement;

(ii) The Fund has not given notice under Article VII that its holdings of that currency have become scarce;

(iii) The purchase shall not cause the Fund's holdings of the member's currency to increase over the period of twelve months ending on the date of the purchase by more than twenty-five per cent of the member's quota (after having been restored to seventy-five per cent, if below that figure, of the quota) nor to exceed two hundred per cent of the member's quota.

(iv) The Fund has not previously declared under Section 5 below that the member initiating the purchase is ineligible to use the resources of the Fund.

(p. 10)

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 above, especially in the case of members with a record of avoiding large or continuous use of the Fund's resources. In making such waiver it shall take into consideration periodic or exceptional requirements of members. The Fund shall also take into account 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 the reply received is unsatisfactory, the Fund may continue to limit the member's use of the Fund's resources or, after giving reasonable notice to the member, declare it ineligible to use the resources of the Fund.

(p. 11)

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 the currency 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. *Other Acquisitions of Gold by the Fund.*

(Text not yet available)

SECTION 8. *Charges and Commissions.*

(Text not yet available)

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 resources of the Fund 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 accord with the purposes of the Fund.

(p. 12)

SECTION 2. *Special Provisions for Capital Transfers.*

If the Fund's holdings of the currency of a member have remained below 75 per cent of its quota for an immediately preceding period of not less than six months, such member shall be entitled, notwithstanding the provisions of Article V, Section 3, to buy the currency of another member from the Fund for its own currency for any purpose, including capital transfers. Purchases for capital transfers under this Section shall, however, not be permitted if they have the effect of raising the Fund's holdings of the currency of such member above 75 per cent of its quota, or of reducing the Fund's holdings of the currency purchased below 75 per cent of the quota of the member whose currency is purchased.

SECTION 3. *Controls of Capital Transfers.*

Members may exercise such controls as are necessary to regulate international capital movements but no member may exercise such controls in a manner which will restrict payments for current transactions or which will unduly delay the transfer of funds in settlement of commitments, except as provided in Article VII, Section 3, and in Article XIII, Section ———.

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.

(p. 13)

SECTION 2. *Measures to Maintain Fund's Holdings of Scarce Currencies.*

The Fund may, if it deems such action appropriate to maintain necessary balances of any 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 such currency to the Fund or, with the approval of the member, that the Fund borrow such currency from some other source either within or outside the territory 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) Buy that currency from that member with 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 above, 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) Such a formal declaration 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, Section 3, the member shall have complete jurisdiction in determining the nature of such limitations, but they shall be no more restrictive (p. 14) 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) This authorization shall expire whenever the Fund formally declares the currency in question 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 above 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 further obligations set out in this Article.

SECTION 2. *Exchange Controls on Current Payments.*

(Text not yet available.)

SECTION 3. *Multilateral Clearing.*

(Text not yet available.)

SECTION 4. *Acceptance of Currency from the Fund.*

(Text not yet available.)

SECTION 5. *Furnishing of Information.*

(Text not yet available.)

(p. 15)

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 of the Fund*

SECTION 1. *Purposes of Article.*

To enable the Fund to fulfill the functions with which it is entrusted, the attributions, 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 power:

(a) To contract;

(b) To acquire and dispose of immovable and movable property;

(c) To institute legal proceedings.

SECTION 3. *Immunity from Judicial Process.*

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

(p. 16)

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 action whether under legislation or otherwise.

SECTION 5. *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 6. *Exemption of Officers and Employees from Suit.*

All Governors, Executive Directors, Alternates, Officials and Employees of the Fund shall be exempt from legal process with respect to acts performed by them in their official capacity except when the Fund waives this immunity.

SECTION 7. *Immunity of Officers and Employees from Restrictions.*

The Governors, Executive Directors, Alternates, Officials and Employees of the Fund 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 to the representatives, officials, and employees of comparable rank of other members.

SECTION 8. *Privilege for Communications.*

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

(p. 17)

SECTION 9. *Privileges of Officers and Employees in Respect of Travel.*

The same treatment in respect of travelling facilities shall be granted to the Governors, Executive Directors, Alternates, Officials and Employees of the Fund as is granted to representatives and officials and employees of comparable rank of other members.

SECTION 10. *Immunities from Taxation.*

The following immunities shall be granted in the matter of taxation:

(a) The Fund, its assets, property, income and its operations and transactions authorized by this Agreement shall be exempt and immune from all taxation and from all customs duties. The Fund shall also be exempt and 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, Officials 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.

(p. 18)

SECTION 11. *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. Each member shall inform the Fund of the detailed action which it has taken to grant the status, immunities, and privileges provided for in this Article.

Article X. *Relation 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 of the provisions of this Agreement may be effected only after amendment to this Agreement under Article XVI.

Article XI. *Organization and Management.*

SECTION 1. *Structure of the Fund.*

The Fund shall have a Board of Governors, Executive Directors, a Managing Director and 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. Governors and Alternates shall serve for five years, subject to the pleasure of the member appointing them, and may be reappointed. No Alternate may vote except in the absence of his principal. The Board shall select a Governor or the Managing Director as Chairman.

(p. 19) (b) The Board of Governors may delegate to the Executive Directors authority to exercise any powers of the Board, except the power to:

(1) Admit new members and determine the conditions of their admission.
(2) Approve a revision of quotas.
(3) Approve a uniform change in the par value of the currencies of all member countries.
(4) Make agreements to cooperate with other international organizations.
(5) Determine the distribution of the net income of the Fund.
(6) Require a member to withdraw.
(7) Decide to liquidate the Fund.
(8) Decide appeals from interpretations of this Agreement 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 Executive Directors whenever requested by five members or by members having one quarter of the aggregate votes.

(d) In order to constitute a quorum for any meeting of the Board of Governors, there must be present a majority representing not less than one-half of the voting power of all the Governors.

(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 Fund, 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 Fund.

(p. 20) (g) Governors and Alternates shall serve as such without compensation from the Fund, but the Fund shall pay them reasonable expenses incurred in attending any 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 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) [(i) Formation of the Executive Directors pending before ad hoc Committee. (ii) Provisions on vacancies to be added.]

(c) Every 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 may not vote.

(d) 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.

(e) In order to constitute a quorum for any meeting of the Executive Directors, there must be present a majority representing not less than one-half of the voting power of all the Executive Directors.

(f) Each Executive Director appointed by one of the members with the ——— largest quotas shall be entitled to cast the number of votes allotted under Section 5 of this Article to the member appointing him. (p. 21) Each elected Executive Director shall be entitled to cast only the number of votes which actually counted toward his election. When the provisions of the second paragraph of Section 5 are applicable, the votes to which an Executive Director would otherwise be entitled shall be increased or decreased proportionately. All the votes which each Executive Director is entitled to cast shall be cast as a unit.

[(g) Except as otherwise specifically provided, all matters before the Executive Directors shall be decided by a majority of the aggregate votes]—if required.

(h) The Board of Governors shall adopt regulations under which a member not entitled to appoint an Executive Director under subsection (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 in committees need not be limited to Governors or Executive 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.

(p. 22) (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, 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 duty.

(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.*

(Text not yet available)

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 part is distributed, two per cent non-cumulative shall be paid, as a first charge against the distribution for any year, to each member on the average amount by which 75 per cent of its quota exceeded the Fund's (p. 23) 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.*

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.

The Fund may publish such other reports as it deems desirable for carrying out its purposes and policies.

SECTION 8. *Communication of Views to Members.*

The Fund shall have at all times 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, 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 represented by an appointed Executive Director, the provisions of Section 3 (h) above shall apply. The Fund shall not publish a report which would involve changes in the fundamental structure of the economic organization of members.

Article XII. *Offices and Depositories.*

SECTION 1. *Location of Offices*

(Text not yet available)

(p. 24)

SECTION 2. *Depositories.*

(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) [Alternatives A, B and D referred to *ad hoc* committee.]

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 XIII. *Transition Period*

(Sections not yet available)

Article XIV. *Withdrawal from Membership*

SECTION 1. *Right of Members to Withdraw*

Any member may withdraw from the Fund at any time by serving written notice on 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 in a manner which is contrary to the purposes of the Fund, the Fund may declare the member ineligible to use the resources of the Fund. Nothing in this Section shall be deemed to affect the provisions of Article IV, Section 7, or Article V, Section 5.

(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 (p. 25) between a member and the Fund under Article IV, Section 7, 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 aggregate voting power.

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

SECTION 3. *Settlement of Accounts After Withdrawal.*

(Text not yet available)

Article XV. *Liquidation of the Fund*

(Text not yet available)

Article XVI. *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 by a majority of the aggregate votes, the Fund shall, by circular letter, ask all members whether they accept the proposed amendment. When three-fifths of the members, having four-fifths of the aggregate votes, 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; (p. 26) (ii) the provision that no change in a member's quota shall be made without its consent; (iii) the provision that no change may be made in the par value of a member's currency except on the initiative of that member.

(c) Amendments will 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.

Article XVII. *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 of the Fund for their decision. If the question particularly affects any member not represented by an appointed Executive Director, the provisions of Article XI, Section 2, shall apply.

(b) In any case where the Executive Directors have given a decision under paragraph (a) above, any member may require that the question be submitted to the Board of Governors whose decision shall be final. Pending the result of the reference to the Board of Governors, 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 country which has ceased to be a member, 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 country involved and an umpire who, (p. 27) unless the parties otherwise agree, shall be appointed by the President of the Permanent Court of International Justice. 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 XVIII. *Definitions*

(Text not yet available)

Article XIX. *Final Provisions*

SECTION 1. *Signature*

(a) This Agreement shall remain open for signature at

749013 — 48 — 35

Washington on behalf of the Governments of the countries whose names are set forth in Schedule A, until.............................., 19...................

(b) After.............................., 19.................., it 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.

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

(d) Each Government signing this Agreement 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.

(p. 28) (e) The Government of the United States of America shall inform the Government 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.

(f) At the time this Agreement is signed on its behalf, each Government shall transmit to the Government of the United States of America one-twentieth of one percent of its total subscription in gold or gold-convertible exchange 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 the initial meeting has not been called by ————, 19———, the Government of the United States of America shall return such funds to the Governments that transmitted them.

SECTION 2. *Entry into Force*

As soon as this Agreement has been signed on behalf of Governments having sixty-five percent of the aggregate of the quotas set forth in Schedule A, this Agreement shall come into force between those Governments, which thereupon shall become members of the Fund. Each Government on whose behalf this Agreement is signed after that time shall become a member of the Fund as from the date of its signature.

SECTION 3. *Inauguration of the Fund*

(a) As soon as this Agreement comes into force under

Section 2 of this Article each member shall appoint a Governor and the member having the largest quota (p. 29) shall call the first meeting of the Board of Governors.

(b) The Board of Governors at its first meeting shall elect the Executive Directors and arrange for a meeting of the Executive Directors.

(c) As soon as possible after the first meeting of the Executive Directors has been held, the Managing Director shall be appointed and the Fund shall proceed to carry out the provisions of Section 4 of this article. Communications under that section addressed to the Fund and received before the Executive Directors have held their first meeting shall be entrusted to the Governor appointed by the member in whose territory the first meeting is held and shall be delivered by him to the Board of Governors or Executive Directors as the case may be.

SECTION 4. *Initial Determination of Par Values.*

(Distributed separately)

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.

Document 323

(p. 44a) SA/1/57

ALTERNATIVE A

SECTION 1. *Exchange Restrictions and Currency Arrangements and Practices Retained.*

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

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

SECTION 2. After the effective date of this agreement but before it commences exchange transactions, members shall notify the Fund whether or not they intend to avail themselves of the transitional arrangements above, and whether they are prepared to accept the obligations of IX, 4, IX, 5 and IX, 6. At any subsequent date the member may notify the Fund of its acceptance of these obligations.

Not later than three years after the date on which the operations of the Fund commence and in each year thereafter the Fund

7/12/44 J.S. Art. X
Sec. 1-4

shall report on the restrictions still in force under (1) (p. 44b) above. Five years after the effective date of this agreement, and each year thereafter, any member still retaining any restrictions inconsistent with IX, 4, IX, 5 or IX, 6 shall consult the Fund as to their further retention. The Fund may, if necessary in exceptional circumstances, make representations to any member that conditions are favorable for the withdrawal of particular restrictions, or for the general abandonment of such restrictions as are inconsistent with other provisions of this Agreement. A member shall be given a suitable time to reply to such representations. If the Fund finds that a member persists in retaining restrictions which are inconsistent with the purposes of the Fund, the member may be declared ineligible to make use of the Fund's resources.

SECTION 3. In its relations with member countries, the Fund shall recognize that the post-war transition period will be one of change and adjustment and in making decisions on requests presented by any member it shall give the member the benefit of any reasonable doubt.

7/12/44 J.S. Art. X
Sec. 1-4

Document 324

(p. 31e) SA/3/10

Article V

Alternative B

It is proposed to add the following paragraph under Section 3, subsection (e):

The President shall also provide in his organization for special sections to consider separately projects involving reconstruction projects, expanding and developmental projects, and to afford aid to members in the preparation of material on such projects and to give effect to Article III, Section 1, Alternative B.

7/12/44

Art. V
Sec. 3
Alt. B

Document 325

CI/2/M8

Minutes of Meeting of Committee 2 of Commission I

Operations of the Fund

(*July* 12, 1944, 10 *a.m. and* 2:30 *p.m.*)

The Committee continued its discussion of the report of the *ad hoc* subcommittee on article III, section 2, Conditions Under Which Any Member May Purchase Currencies of Other Members, paragraph (3), Alternative A (p. 6a), Alternative B (p. 6b), Alternative D (p. 6c), and Alternative F (p. 6e). The Committee approved the report of the subcommittee as amended by the Mexican Delegation. Section 2 (3) of Alternative A (p. 6a) is thereby accepted as it stands and the sentences following paragraph (4) are revised to read as follows:

> "The Fund may in its discretion and on terms which safeguard its interests, waive any of these conditions, especially in the case of members with a record of avoiding large or continuous use of the Fund's resources. In making such waiver it shall take into consideration periodic or exceptional requirements of members. The Fund shall also take into account a member's willingness to pledge as collateral 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 such waiver the pledge of such collateral."

The Committee then considered article III, section 10, Charges and Commissions, combined Alternatives A and B (pp. 13a and 13b), Alternatives C (p. 13b), and Document 285, containing two tables in explanation of the combined Alternatives. The Committee agreed to report substantial agreement on the principles involved but considerable divergence of views as to the nature and amount of the charges contemplated in the combined Alternatives. Alternative C (p. 13b) received substantial support.

The Committee then discussed article III, section 12, Consideration of Representations of the Fund, Alternatives A and B (p. 15). The language committee recommended that the Section read as follows:

> "The Fund shall have at all times 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, publish a report to that member with regard to 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 has not among the Executive (p. 2) Directors a Director appointed by it, the provisions of Article VII, Section.................apply. The Fund shall not publish a report which would involve changes in the fundamental structure of the economic organization of members."

The Committee accepted the recommendation of the language committee after considerable discussion.

The Committee then discussed article III, section 9, Transferability and Guarantee of the Assets of the Fund, paragraph (b) (p. 12).

The Memorandum to Committee 2 on Use of Currencies Held by the Fund, Document 281, was explained and the wording proposed on page 4 was discussed at length. The Committee agreed that paragraph (b) of section 9 (p. 12) should be eliminated from the document and that a provision embodying the substance of the provision on page 4 of Document 281, as revised in the light of the Committee discussion, should be worked out by a subcommittee and presented to the Reporter for Commission I. The Committee agreed that this provision should be made part of article III, section 8, Other Acquisitions of Gold by the Fund (p. 11). The Delegate of the Union of Soviet Socialist Republics asked to reserve his position.

The Committee then turned to the discussion of article IV, section 5, Changes in Par Values, Alternative D, paragraph (b) (p. 18c), because consideration of this provision had been deferred pending discussion of article III, section 9, paragraph (b). The Committee approved section 5, paragraph (b) (p. 18c).

The Committee also discussed article XIII, section 5, Fixing Initial Par Values, Document 278 (p. 50), Alternative A (p. 50b), Alternative B (presented orally), and Alternative B (p. 16a), originally presented as an Alternative to article IV, section 1, Par Values of the Currencies of Members. The Committee decided to report general agreement on paragraphs (a), (b), (c), and (d) of Document 278 (pp. 50 and 50a), and also on the Alternative B, presented orally, which revises paragraph (e) of Document 278 and adds a new paragraph (f). The Committee also agreed that paragraph (b) be expanded to meet in part the proposals made in Alternative B (p. 16a) and Alternative A (p. 50b). A small subcommittee was appointed to work out the revisions on the basis of the Committee discussion and communicate directly to the Reporter for presentation to the Commission.

The Chairman then noted that the only other items on the agenda of Committee 2 were article III, section 8, Other Acquisitions of Gold by the Fund (pp. 11, 11a, 11b, 11c), and article X, Transitional Arrangements (p. 44). In both cases material was not available and it was agreed that those items would be taken up directly in Commission I.

The United States Delegation said that it would prepare an explanatory memorandum on article III, section 8, and on article III, section 6.

Document 326

CI/1/M6

Minutes of Meeting of Committee 1 of Commission I

Purposes, Policies, and Quotas of the Fund

(*July* 12, 1944, 2:30 *p.m.*)

At the request of the Drafting Committee of Commission I, the Chairman resubmitted to the Committee that portion of the language of article II, section 5, which reads as follows:

> "Each member shall pay in gold as a minimum either (a) twenty-five percent of its quota or (b) ten percent of its official holdings of gold and gold convertible exchange[1] as at

(1)The phrase "gold and gold convertible exchange" is subject to definition and to such change in terminology as may be agreed upon.

——————, whichever is smaller. If the holdings of any member are not ascertainable as at such date because its territories have been occupied by the enemy the Fund shall fix an appropriate alternative date."

The Committee was requested to fill in the date in this provision. After some discussion the Committee agreed to refer this question directly to Commission I on the ground that the various delegations had not had time to consider the problems involved.

The Committee, after consideration, agreed to drop Alternative F of article I (p. 1c of SA/1), relating to the purposes of the Fund. It also considered Alternatives C (p. 2b) and D (p. 4b) under article II, which provide for a payment of a portion of a member's subscription in silver and referred them to Commission III. The Committee then considered article IX, section 8, Alternative A (p. 43b), which makes it an obligation of member countries to cooperate with other members in the control of international movements of capital. Since it appeared to the Committee that this objective was covered under new language to be proposed for article IX, section 3, paragraph (c) (p. 39), this Alternative was not pressed.

The Committee then received the third report of its drafting, or language, committee. It agreed to the recommendation to accept section 4, article I, which deals with the promotion of exchange stability, and section 2, article IX (p. 38 of SA/1), which reads as follows:

"The Fund shall prescribe for transactions in gold by member countries a permissible margin above and below the agreed parity. No member country shall buy gold at a price above the prescribed range, nor sell gold at a price below that range."

In accepting this language, the Committee felt that member countries were not excluded thereby from giving special encouragement to their gold-mining industries for purely (p. 2) domestic reasons by means other than paying a higher price for gold.

The Committee received the recommendation of its drafting committee of the following language for article IX, section 3, paragraph (a):

"(a) The Fund shall prescribe a uniform maximum margin not exceeding ———% by which rates for transactions in the currencies of members may differ from parity. In exceptional circumstances the Fund may authorize a member country to establish a wider margin for transactions in its currency."

Since in the Committee's view this matter clearly relates to problems in Committee 2, it referred the suggestion to Commission I for consideration by the appropriate *ad hoc* committee. It was pointed out in the discussion that the proposed language does not clearly provide that the margin fixed could not be changed from time to time by the Fund but was to be a maximum determined at this Conference. The points of substance referred to Commission I were the determination of the figure to be inserted and the question of whether the margin should apply to spot transactions only or also to futures.

The Committee considered Alternatives A and B of article IX, section 3, paragraph (c) (pp. 39 and 39a, Document SA/1), and, in addition, new language proposed by the drafting committee reading as follows:

> "(c) Exchange transactions in the territory of one member involving the currency of any other member which are outside the prescribed variation from parity set forth in (a) above shall not be enforceable in the territory of any member country.
>
> "Each member agrees to cooperate with other members in their efforts to effectuate exchange regulations prescribed by such members in accordance with this Agreement."

The Delegation of the United Kingdom expressed willingness to recede from Alternative B, providing Alternative A were accepted; and the United States Delegate, expressing a preference for the drafting committee language, requested more time for consideration. The Committee referred all three Alternatives to Commission I with the recommendation that they be worded in a manner similar to that proposed for paragraph (a).

This action completed the work of the Committee on all the matters assigned to it for which material had been provided.

Document 327

(p. 14a) SA/3/11

Alternative C

Limitation on Loan and Guarantees

Section 3. The total amount of guarantees, participations in loans and loans and other investments made by the Bank shall not exceed at any time 300% of the subscribed capital and surplus of the Bank.

This amount cannot exceed, however, in the first four years of the activity of the Bank 8 billion dollars. At any time after that four-year period the Board of Governors may raise by majority of votes this limit wholly or partially to the limit, provided in the first paragraph of this section if it considers that the position of the Bank and of the loans granted and guaranteed by it is as a whole fully satisfactory.

7/12/44

Art. III
Sec. 3
Alt. C

Document 328

(p. 26m)

SA/1/58

Alternative K

2.

(a) The———countries with the largest quotas shall be each entitled to appoint an Executive Director.

(b) If, at the second election of Executive Directors and thereafter, the members entitled to appoint Executive Directors do not include the two members whose quotas have been used, on the average over the preceding two years, in the largest absolute amounts in terms of gold as a common denominator, such member or members shall also be entitled to appoint Executive Directors.

(c) ————Executive Directors shall be elected bi-annually, in accordance with the provisions of Schedule B, by all the Governors other than those appointed by the members referred to in (a) and (b) above.

Persons chosen as Executive Directors need not be Governors.

7/12/44

Art. VII
Sec. 2 of
Alternative J

Document 329

CI/AH/RP3

Report of Ad Hoc Committee of Commission I on Article IX, Section 4 (Exchange Controls on Current Payments)

The Committee met on Wednesday, July 12 at 6:00 p.m. with the following represented: China, Chairman; Canada, Uruguay, French Delegation, Iran, United Kingdom and United States.

The Committee considered the proposed language for provisions which bring together under one Article of the Agreement the obligations which member countries assume with regard to the convertibility of their currencies as members of the Fund. The material which is now proposed to include as Article IX, Sections 4, 5 and 6 is presented in Document SA/1 as Article III, Section 6 (p. 9) and Article IX, Section 4 (p. 40).

The Committee considered Alternative D on Article IX, Section 4 which appears on page 40b of Document SA/1 and after full discussion it takes the view that the objectives which Alternative D is intended to safeguard are fully protected under the proposed language. In particular, it was brought out in discussion that the proposed provisions do not contain any language which commits a member country to pursue any given commercial policy and is confined strictly to the question of exchange restrictions on transactions on current account and to discriminatory and multiple currency practices. No specific reservations were made by any of the delegations present on the language of the proposed provisions.

A question was raised as to whether the obligations of a member under the proposed Article IX, Section 4 to buy balances of its currency held by another member with the currency of that member or with gold would cease when the member was no longer entitled to buy foreign exchange from the Fund under any of the provisions of the Agreement or only when it had exhausted its quota. The view of the Committee was that the language clearly intends that the obligation should cease when the member is no longer able to draw on the Fund under any of its provisions. One of the delegates felt that some clarification of the language would be desirable to make this perfectly clear.

A question was raised concerning the application of the provisions of the Agreement to discriminatory currency arrangements or multiple currency practices prevailing in member countries at the time the Agreement is signed and which are not wartime measures. The Committee agreed to add the sentence beginning "A member country in which such practices . . ." at the end of Article IX, Section 6.

Convertibility

IX.4. Each member shall buy balances of its currency held by another member with currency of that member or, at the option of the member buying, with gold, if the member selling represents either that the balances in question have been currently acquired or that their conversion is needed for making current payments which are consistent with the provisions of the Fund. This obligation shall not relate to transactions involving:

(a) capital transfers; or
(b) holdings of currency which have accumulated as a result of transactions effected before the removal by a member of restrictions on multilateral clearing maintained or imposed under X.1. below; or
(c) the provisions of a currency which has been declared scarce under VI above; or
(d) holdings of currency acquired contrary to the exchange regulations of the member which is asked to buy such currency;

nor shall it apply to a member which has ceased to be entitled to buy currencies of other members from the Fund in exchange for its own currency.

IX.5. Subject to the provisions of Article VI and Article X, no member shall impose restrictions on the making of payments and transfers for current international transactions without the approval of the Fund.

IX.6. No member shall engage in any discriminatory currency arrangements or multiple currency practices except as authorized under this Agreement, or approved by the Fund. A member country in which such practices and arrangements are in effect at the time this Agreement is signed shall consult with the Fund as to their progressive removal, unless such practices and arrangements are covered by Article X.

Document 330

CII/1/Sa/1

Report of Subcommittee 1a Committee 1 of Commission II

Membership:	United States United Kingdom Norway Australia India
Chairman:	Mr. Beyen (Netherlands)
Reporting Delegate:	Mr. Oreamuno (Costa Rica)
Secretary:	Mr. Young
Assignment:	Pages 3 and 45
Subject:	Membership in Fund and Bank

The first meeting of the above committee was held on July 12, 1944, at 9:30 a.m. The Chairman, Mr. Beyen, was unable to attend and asked Mr. Goldenweiser (United States) to act as Chairman.

Present were: Mr. Melville (Australia), Mr. Tange (Australia), Sir Jeremy Raisman (India), Sir Theodore Gregory (India), Mr. Skaug (Norway), Mr. Snelling (UK), Mr. Goldenweiser (U.S.), and Dr. Hexner, (Czechoslovakia).

The Committee considered Article II, Section 1, page 3, which requires members of the Bank to be also members of the Fund. The desirability of this was questioned and it was suggested that members of the Bank be required to assume only certain obligations under the Fund rather than full membership. Difficulties of such an arrangement were mentioned and it was said that if joint membership were not required, certain additions by way of obligations to be assumed by members of the Bank should be made in the Bank Agreement.

The reason for joint membership was said to be that stable conditions of exchange were essential to operations of the Bank. Inasmuch as most members of the Bank would probably be borrowers, these members should be required to join the Fund and be under obligation to pursue financial policies which would promote security for their obligations held by the Bank.

It was pointed out that some countries might not borrow and would have only an indirect interest in the Bank, namely, that general world development would react favorably upon them and their trade.

A principal objection to requiring joint membership was said to be that a country might get in a position where it would be compelled to belong to various international organizations. Linking membership in the two financial institutions, it was said, would mean that the actual power to withdraw from such institutions might become (p. 2) meaningless, and that a country would find itself, perhaps against its will, involved in a whole gamut of international organizations. Opposed to this view was the opinion that it was unlikely that membership in these two institutions would be linked in a compulsory way to other organizations since the relationship of these two was of a peculiar nature.

After considerable discussion, these two viewpoints were not reconciled and while the consensus was that members of the Bank should be required to be members of the Fund, the dissenting view should be recorded.

The discussion then turned to the question of the status of members of the Bank when they ceased to be members of the Fund, Article VI, Section 4 (p. 45). The view was expressed that if a country had withdrawn from the Fund because it was not able to carry out the agreement, it should also leave the Bank. It was pointed out, however, that a country might sever its relations with the Fund and still be a desirable member of the Bank.

It was generally agreed that if a country ceased to be a member of the Fund, it should cease to be a member of the Bank, unless the Bank voted that its membership in the Bank be continued. In view of agreement on the above, the principal question discussed was whether approval by the Bank of the member's retention should be by vote according to countries or according to quotas, and, if according to countries, whether this should be by a majority or by a three-fourths vote as proposed in Alternative B.

The consensus was that Alternative B is satisfactory in principle. However, as to the nature of the voting necessary to retain membership of a country that ceases to be a member of the Fund, the general view was that such vote should be by a simple majority on the basis of voting according to quotas. Some members of the subcommittee, however, wished to consider the matter further, especially in its relation to other sections of the Agreement.

The meeting adjourned.

Actions at meeting July 12, 1944, 9:30 *a.m.*

Article II, Section 1, Alternative A, p. 3	Accepted
Article VI, Section 4, Alternative A, p. 45	Accepted
Article VI, Section 4, Alternative B, p. 45	Accepted with a revision of voting arrangement

Document 331

CII/1/Sb/1

Report of Subcommittee 1b
Committee 1 of Commission II

Membership:
- Canada
- China
- France
- Netherlands
- U.S.S.R.
- United Kingdom
- United States

Chairman:	Mr. Beyen (Netherlands)
Reporting Delegate:	Mr. Oreamuno (Costa Rica)
Secretary:	Mr. Young
Assignment:	Pages 4–9, inclusive, and page 11
Subject:	Subscriptions to the Bank

The first meeting of the above committee was held July 12, 1944, at 12:30 p.m.

The following were present: Mr. Plumptre (Canada), Mr. Te-Mou Hsi (China), Mr. Istel (French Delegation), Mr. Beste-breurtje (Netherlands), Mr. Beyen (Netherlands), Mr. Bystrov (USSR), Mr. Chechulin (USSR), Mr. Bolton (UK), Mr. Brand (UK), Sir Eady (UK), Mr. Collado (US), Mr. Ness (US), and other members.

The Committee first considered Article II, Section 2, Alternative A, page 4, and it agreed that increases in the capital stock should be authorized by a three-fourths vote in place of a four-fifths vote, as was provided in Alternative A. This Alternative was accepted with this revision. At the end of Article II, Section 3, the Committee added a sentence to the effect that if the total capital is increased, each member's share shall be increased pro rata but that no member shall be obliged to buy shares against its wishes (a revision of Alternative B).

The Committee discussed at length a proposal regarding payment of the 20 percent portion of the capital on the basis of 2 percent in gold within sixty days after the date set for operations to begin and 18 percent in installments as needed, with at least 10 percent payable within one year from the date set for operations to begin (Alternative B, page 6a).

The consensus of the meeting was in favor of the foregoing arrangement and also of a proposal that 20 percent of a member's subscription should be in gold (p. 2) but that if the Bank considered it appropriate, this percent might be reduced to not less than 10 percent.

A provision to this effect was inserted instead of the existing (a), Section 5, Alternative A, page 7. Paragraph (b) of this section on page 7 was accepted. Paragraph (c) was rejected. Alternative B, Section 5(a), page 7a, was rejected as no longer necessary.

The Committee deferred consideration of Alternative C, Section 5, page 7a, until the report of the committee on liberated areas is received. This section deals with postponement, in the case of countries suffering from enemy occupation and hostilities, of gold contributions in the amount of from 25 to 50 percent until the end of the restoration period.

Article II, Alternative A, Section 6, page 8, was accepted with a revision of the wording of the last sentence. Article II, Alternative B, page 8a, was withdrawn by its sponsor. Article II, Alternative A, Section 7, page 9, was approved, as was Article II, Alternative A, Section 9, page 11.

The meeting adjourned.

APPENDIX I

Committee 1 of Commission II

Subcommittee 1b

Actions at meeting July 12, 1944, 2:30 p.m.

Article II, Section 2, Alternative A, p. 4	Accepted with revision of voting to three-fourths.
Article II, Section 2, Alternative B, p. 4	Accepted as revised and location shifted.
Article II, Section 3, Alternative A, p. 5	Accepted with addition of above.
Article II, Section 4, Alternative A (b), p. 6	Accepted.
Article II, Section 4, Alternative B (a), p. 6a	Accepted, excluding final paragraph.
Article II, Section 5, Alternative A (a), p. 7	Rejected. New paragraph drafted.
Article II, Section 5, Alternative A (b), p. 7	Accepted.
Article II, Section 5, Alternative A (c), p. 7	Rejected.
Article II, Section 5, Alternative B, p. 7a	Rejected.
Article II, Section 5, Alternative C, p. 7a	Deferred until report of Committee on liberated areas.
Article II, Section 6, Alternative A, p. 8	Accepted with revised wording of last sentence.
Article II, Section 6, Alternative B, p. 8a	Withdrawn by sponsor.
Article II, Section 7, Alternative A, p. 9	Accepted.
Article II, Section 9, Alternative A, p. 11	Accepted.
Article II, Section 9, Alternative B, p. 11a	Accepted.

(p. 4a)

APPENDIX II—2

ARTICLE II

Alternative A (revised)

SECTION 2. *Authorized Capital.*

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————. 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.

The capital stock may be increased when the Bank deems it advisable by three-fourths of the aggregate votes.

7/12/44 Art. II Sec. 2 Alt. A

(p. 5a)
APPENDIX II—3

ARTICLE II

Alternative A (revised)

SECTION 3. *Subscription for Stock.*

Each member shall subscribe for shares of stock. The minimum numbers of shares to be subscribed by countries represented at the United Nations Monetary and Financial Conference shall be those set forth in Schedule A. (Schedule A to be added later.) The minimum number of shares for other countries which become members of the Bank shall be determined by the Bank.

Any member may subscribe for additional shares of stock in accordance with rules to be established by the Bank, except that a part of the authorized capital shall be reserved by the Bank for minimum subscriptions of countries not represented at the United Nations Monetary and Financial Conference.

If the total capital stock is increased, each member's share shall be increased pro rata, but no member shall be obligated to increase its subscription unless it so desires.

7/12/44 Art. II Sec. 3 Alt. A

(p. 6b)
APPENDIX II—4

ARTICLE II

Alternative A (revised)

SECTION 4. *Availability of Subscribed Capital.*

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

(a) Twenty percent shall be callable by the Bank as follows:

- (i) two percent in gold or gold-convertible currency within 60 days after the date set for operations of the Bank to begin;
- (ii) eighteen percent in maximum amounts of five percent in any three months period as needed for any of its operations;

provided, however, that not less than ten percent in the aggregate shall be called within one year from the date set for the operations of the Bank to begin.

(b) The remaining 80 percent shall be callable by the Bank only when required to implement obligations of the Bank created under IV(1) (b) and (c) below.

Calls on unpaid subscriptions shall be uniform on all shares.

7/12/44

Art. II
Sec. 4
Alt. A

(p. 7b)

APPENDIX II

ARTICLE II

Alternative A (revised)

SECTION 5. *Payment of Subscription.*

(a) The proportion of a member's subscription which is to be paid in gold shall be 20 percent of the amounts payable under Section 4(a), but if the Bank is satisfied that in the circumstances of a member, a lower proportion is appropriate, the proportion of gold may be less than 20 percent; provided that this proportion shall be in no case be less than 10 percent.

(b) Payments under Section 4(b) shall at the option of the member be made either in gold or in the currency required to implement the obligations with respect to which a call is made.

7/12/44

Art. II
Sec. 5
Alt. A

(p. 8b)

APPENDIX II—5

ARTICLE II

Alternative A (revised)

SECTION 6. *Issue Price of Shares.*

Shares of stock included in the initial subscription of a member represented at the United Nations Monetary and Financial Conference shall be issued at par if the subscription is received not later than one year after the date set for operations of the Bank to begin. Other shares shall be issued at par or in special circumstances on such terms as may be fixed by majority vote of the Bank.

7/12/44

Art. II
Sec. 6
Alt. A

Document 332

(p. 31e) SA/3/12

ARTICLE V (3)

Alternative B

The following is proposed as an alternative to Section 3 b: (b) There shall be——Executive Directors, of whom 5 shall be appointed, and —— shall be elected. Persons chosen as Executive Directors need not be Governors.

Appointed Directors. During the first four years of the operation of the Bank the 5 appointed directors shall be named by the following members:—

____

____

____

____

____

(EXPLANATORY NOTE: These countries, among which it is assumed that the three largest shareholders will be included, are to be chosen primarily with a view to enlisting the confidence of investors and financial institutions situated in the countries which are expected to export capital under the auspices of the Bank during its early operations.)

After the first four years the appointed directors shall be named as follows: (i) One shall be named biennially by each of the three members holding the largest numbers of shares. (ii) The remaining 2 directors shall be named biennially by those 2 members (other than the three holding the largest numbers of shares) from which, at the close of the preceding calendar year, the largest amounts of investment capital have been provided in the form of loans to the Bank or guaranteed by it.

Elected Directors. Elections for executive directors shall take place biennially in accordance with Schedule B. All governors shall

7/12/44 Art. V Sec. 3

be eligible to vote except those representing (p. 31f) members which have appointed executive directors.

(NOTE: A consequential amendment would be required in Section 3(f). The first sentence should read as follows):

3 (f) Each Executive Director appointed under 3(b) above shall be entitled to cast the number of votes allotted under Section 2 of this Article to the member appointing him . . .

(*Note on Schedule B.* It may be necessary to provide that members which hold shares more than sufficient to elect one Executive Director shall elect only one, and that their excess votes shall not contribute to the election of another Executive Director.)

7/12/44

Art. V
Sec. 3
Alt. B

Document 333

CI/2/RP/3

Report of Committee 2 to Commission I Concerning the Meetings of July 11th and July 12th.

(PROFESSOR ROBERT MOSSÉ)

(NOTE: All page references are made to Doc. 32)

Article III

SECTION 2.—*Conditions under which any Member may Purchase Currencies of Other Members* (p. 6a).

The Committee accepted the recommendation of the *ad hoc* subcommittee that Section 2 (3) of Alternative A (p. 6a) be approved. The Committee also agreed to accept the recommendation of the *ad hoc* committee to revise the sentences following paragraph (4) of Section 2 as follows:

"The Fund may in its discretion, and on terms which safeguard its interests, waive any of these conditions, especially in the case of members with a record of avoiding large or continuous use of the Fund's resources. In making such waiver it shall take into consideration periodical or exceptional requirements of members."

and the recommendation of the Mexican Delegation that the following sentence be added:

"The Fund shall also take into account a member's willingness to pledge as collateral 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 such waiver the pledge of such collateral."

The Cuban Delegation suggested that the amendment of the Mexican Delegation should include after the word "securities"

"and warehouse receipts of staple commodities in international trade".

The Chairman of the Committee stated that according to his interpretation warehouse receipts of staple commodities might be considered as being "other acceptable assets" if the Fund should so decide in its discretion and the Committee agreed that the inclusion of the words suggested by the Cuban Delegation were therefore necessary.

The Czechoslovakian Delegation suggested the following alternative:

> "The Fund may in its discretion and on terms which safeguard its interests, waive any of these conditions. In making such waiver it shall take into consideration periodic or exceptional requirements of members and also their records of avoiding large or continuous use of the Fund's resources."

(p. 2) In view of the fact that the Czechoslovak alternative was not accepted the Czechoslovakian Delegation reserved its position.

The Australian Delegation wished to record its reservation that the revision of the waiver provision was not an adequate substitute for Alternative B (p. 6b).

SECTION 6. *Multilateral International Clearing.* (p. 9)

Section 6 has been referred to another Committee of Commission I and is, therefore, removed from the agenda of Committee 2.

SECTION 9 (b). *Transferability and Guarantee of the Assets of the Fund* (page 12 of Document 32)

The American Delegation offered a memorandum (CI/2/MC, Doc. 281) and suggested that Section 9(b) be withdrawn. As a substitute it proposed the following text:

> "Where the international transactions of the country are carried on in the currencies of other countries, the Fund may require that the increments in its holdings of member currencies, to the extent that such increments are attributable to transactions with other countries, shall be offered to the Fund in the repurchase of its own currency."

The U.S.S.R. Delegation made reserved its position on the ground that it did not have time to study the proposed amendment.

The American suggestion was approved by Committee 2, with the understanding that a subcommittee would revise the American proposal in the light of the discussion in the Committee and would submit a report to the Reporter.

SECTION 10. *Charges and Commissions.* (page 13)

There was very lively discussion on these questions with considerable divergence of views as to the nature and amount of these charges. Some delegations questioned the proposed charges asserting that they were too high, or that their scale was unsatisfactory.

On the principle of charging a commission or interest on the Fund's holdings of national currencies the delegates of New Zealand, Iran, and India emphasized that such charges were a penalty directed against the country which is unable to export goods, although it would be willing to do so; these delegates went so far as to say that the accumulation of holdings comes largely from the fact that creditor countries do not accept imports. It was said that among the purposes of the Fund should be the expansion of foreign trade in general and not merely the rise of exports of one or several countries.

(p. 3) The delegate of Brazil said that a country, although it has a favorable balance of payments, might purchase foreign currency; therefore there should be a deterrent to avoid this. This remark led to the suggestion that a distinction be made between a country, obliged to draw because of unfavorable balance of payments and a country drawing simply in order to build up balances in foreign currencies, despite an already existing favorable balance of payment.

To sum up, the question of charges and commissions is referred back to your Commission, with the report that there are many different shades of opinions in this Committee.

SECTION 12. *Consideration of Representations of the Fund.*

The Asterisk Committee reported to Committee 2 the following text for this Section which was approved by this Committee.

> "The Fund shall have at all times 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, publish a report to that member with regard to 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 has not among the Executive Directors a Director appointed by it, the provisions of Article VII, Sec. ——— apply. The Fund shall not publish a report which would involve changes in the fundamental structure of the economic organization of members."

Article IV

The Committee agreed to approve Article IV, Sections 2, 3, and 4 of Alternative A (p. 17a) and Article IV, Sections 5 and 6 of Alternative D (p. 18c). The Australian Delegate asked that his reservation on Alternative C (p. 17c) be noted in the report to Commission I. The Canadian Delegate wished to record his observation that these sections, as approved, allow a member country to change its rate without the approval of the Fund, and yet remain a member in good standing. He thought that the provisions of the Joint Statement regarding changes in exchange rates had provided a happy compromise between exchange rigidity and exchange flexibility. The clause evidently represents a compromise between international agreement and control on the one hand and national autonomy on the other. The Fund will have, if not the arm of justice to inspire some respect, at least an argumentum ad crumenam; it is entitled to refuse the use of its resources to a member country which has altered the par values of its currency despite the objection of the Fund.

(p. 4)

SECTION 5. *Uniform Changes in Par Value* (p. 18)

This question had been removed from the agenda of Committee 2 and referred to another Committee of Commission I.

Article XIII

SECTION 5. *Fixing initial par values* (Unnamed Alternative, pages 50 and 50a, Doc. 278, Alternative A, page 50b, Doc. 294, Alternative B, page 16a, Doc. 177 American amendment — (orally described as Alternative B)

Committee 2 has approved paragraphs (a), (b), (c), and (d) of the Unnamed Alternative (pages 50 and 50a) together with paragraphs (e) and (f) of the American Amendment but with the provision that this should not prejudice the question of liberated countries. The British Delegate explained that a "de facto" rate may be a rate of exchange which has been agreed upon among governments and further stated that it is up to each country to define what is meant by "de facto" rates.

The Indian Delegation pointed out that, as they were members of the Sterling Bloc, unless previous intimation was given by the United Kingdom of their decision regarding the fixing of the par value of sterling in terms of gold, India will not have sufficient time to notify the Fund of the par value of their currency. The Indian Delegation further pointed out that it should be appreciated by the Committee that a change in the *de facto* par value of sterling may necessitate a change in the par value of the rupee and therefore it was absolutely essential that India should have sufficient notice of the par value of sterling notified by the United Kingdom to the Fund.

The United Kingdom Delegate assured both India and all members of the Sterling Bloc that previous intimation of the par value of sterling will be given to members of the Sterling Bloc.

As to the question of liberated countries, there was substantial agreement that liberated countries might be allowed to establish provisional rates of exchange, and that after the establishment of such rates the Fund might allow them limited access to the resources of the Fund, provided it was clearly understood that such access was a privilege and not a right.

The Chair appointed a small committee to consider the possibility of some modification along these lines. This *ad hoc* committee will report to the Reporter who, in turn, will report to Commission I.

Document 334

CI/3/AH/RP1
July 12, 1944

Report of the *Ad Hoc* Committee of Committee 3 on Executive Directors and Voting Arrangements to Commission I.

The Committee met at 9:00 p.m. in Room B. Dr. de Souza Costa presided; and representatives of Belgium, Brazil, Canada, China, Cuba, Czechoslovakia, Egypt, France, Netherlands, Poland, United Kingdom, U.S.S.R., and the United States were present.

The Committee approved Alternative G (SA/1/44; Doc. No. 237; page 26-G).

The Committee discussed at length the provisions and problems represented by Alternative J (SA/1/54; Doc. No. 310; page 26j) and Alternative E (SA/1/55; Doc. No. 315; page 25h). While several delegations expressed themselves as favorable to Alternative J in principle, though a few with minor reservations, and an almost equal number expressed complete reservation or reservation pending knowledge of quotas; and one additional delegation expressed the thought that after allocating membership on the executive directorate to "*ex officio* members, the remainder should be allotted equitably between economic and geographical areas."

A new proposal was introduced as a substitute for paragraph 2 of Alternative J cited above. This proposal is to be submitted as Alternative K, page 26M. It was discussed by the Committee with general sympathy; but the Committee took no action regarding it, and it was referred to Commission I for decision.

The Committee also discussed paragraphs (a) and (b) of Alternative A (SA/1; Doc. No. 32; page 26) relating to voting. No decision was reached, and the matter is before the Commission.

Document 335

CII/4/AH/RP1

Report of *Ad Hoc* Subcommittee A of Committee 4 of Commission II

July 12—4:30 *p.m.*

A meeting of *Ad Hoc* Subcommittee A of Committee 4 of Commission II was held on July 12 at 4:30 p.m., at which representatives from the following countries attended: Cuba, Czechoslovakia, India, Poland, United Kingdom and United States. The Chairman was Sir Chintaman D. Deshmukh of India.

The following two subjects relating to Article VII had been referred to the subcommittee:

1. SECTION 4. *Restrictions on Taxation of the Bank, its Employees and Obligations*

It was reported to the subcommittee that similar provisions to Section 4 were being completed by the drafting committee of Commission I for the Fund, which contained some slight modifications from the draft of Article IX, Section 7, approved by Committee 4 of Commission I. Since these modified provisions will be available shortly, it was decided to defer consideration of Section 4 until the members of the subcommittee had an opportunity to review them.

2. SECTION 3. *Suits against the Bank* was discussed and approved with changes which are underlined:

"Suits may be brought against the Bank only in a court of competent jurisdiction in a member in which the Bank has an office, *has appointed an Agent for the purpose of accepting service or notice of suit, or has issued or guaranteed securities,* and only by litigants other than members and those acting for or deriving claims from members. The Bank and its assets of whatsoever nature shall, wheresoever located and by whomsoever held, be exempt and immune from seizure, attachment and execution in advance of final judgment *against the Bank.*"

Document 336

CII/2/S–a–b/RP1

Report of Subcommittees A and B of Committee 2, on the Operations of the Bank, to Commission II

July 13, 1944

MR. BRIGDEN:

1. This Committee is concerned with Articles III and IV of the draft, but has so far dealt only with certain important subjects, through its two subcommittees, as follows:
2. *Limitation on Loans and Guarantees* (Art. III, S. 3) This matter was discussed together with the subject of Article IV, Section 3. (See below)
3. *Conditions of Loans and Guarantees.* (Art. IV, 5, 6) *The Preamble.* (Pages 15 and 15a) was amended to include agricultural enterprises. The third line of Alternative A (on page 15) was amended to read:

   "business, industrial, and agricultral enterprises . . ." It is understood that the words include public utilities and railroads, and that "agricultural cooperatives and credit institutions" (mentioned in Alternative B, page 15b), are not excluded.
4. *Condition* 1, Section 4 (1). The Committee added the following words: "either directly or through an institution having power to give such member's guarantee and acceptable to the bank." Alternative I (page 15e) was discussed but not accepted. This alternative would have empowered the Bank out of its own capital to lend to business enterprises without any guarantee. The Committee was of the opinion that enterprises of the type should not be assisted by the Bank.
5. Condition (2), Section 4. (2). Alternative B (page 15a) was approved. This is paragraph (b) of Part 1 on Page 15a, reading: "The Bank is satisfied . . . for the borrower."

   The Committee's opinion was that the adopted text better expressed the general intention.

   It was considered that the text covered the proposal made on Page 16.

6. *Condition* 3. Section 4. (3) Alternative A was adopted with the change of one word in the second line: "project" becoming "proposal", and a verbal alteration later.

   Alternative D (on Page 15C) was not accepted, it being considered that the word "proposal" (above) should cover either or both the purpose of a loan, and/or the merits of a project.

7. Conditions 4 and 5. Section 4 and (5). The short draft in Alternative A on page 15 was discussed with alternatives on page 15(b). The second part of the (p. 2) text on page 15 was considered to be impracticable for immediate reconstruction loans, but alternatives required redrafting.

   Both (4) and (5) were referred to the Drafting Committee.

8. *Other Conditions*: Stabilization Loans.

   Alternative B, Paragraph (2) on Page 15a proposed action "in exceptional circumstances" which would be outside the conditions of Alternative A. The proposal, together with Alternative C (on page 15b), was referred to the Drafting Committee for consideration as possibly within the purposes of the Bank.

   An alternative addition to B (Part 2) on Page 15a, given at the foot of page 15b, was withdrawn. Alternative H (on page 15e) was referred also, for consideration by the Drafting Committee in conjunction with part 3 of Alternative B (page 15b).

9. Alternative E (on page 15C), proposing special conditions for countries which have suffered from hostilities, was also referred to the Drafting Committee. The general opinion was that any special conditions should be confined to amortization.

10. Alternatives F (on page 15c) proposed that the F.A.O. should be used for advice, but as these subjects are within the scope of Committee 3, the alternative was referred there.

    Alternative C (on page 15a) being closely related, was referred similarly.

11. *Details re Default, etc.* Alternative J (page 15b) proposed a series of requirements as to guaranteed Bonds, etc., which were thought by its sponsors to be needed to protect the credit of the Bank, while others thought the details (however important) might be left to the Bank itself. The matter was postponed for further consideration by the Delegations.

12. *Article III, Sections* 5 *and* 6. *Currencies for loans* Alternatives A on Pages 17 and 18 were accepted.

13. *Article III, Section* 3. Limitations on Loans and Guarantees. (Pages 14 and 21)
The proposals raise the general questions and policy, e.g., as to whether the Bank is to be liberally or conservatively inclined, and more specifically whether it should lend more than its capital and to what extent.
It is also related to the question of stabilization loans. The proposals were therefore referred to a special group from the Committee for general consideration and report.

Sub-Committee 2A then adjourned.

(p. 3)

14. Committee 2B dealt with Article IV (in part), but it is not practicable within the time available to report adequately on the discussions.
15. *Section* 1 as on Page 19 was accepted with the substitution of the words "paid in" for "subscribed" in the draft: Para. (a).
In (c) the words "whole or in part" refers to the possibility of a large investor being willing to forego a guarantee.
16. *Section* 2: *Loans from subscribed capital.*
The draft (a) provides that loans from currency subscribed should require the approval of the subscribing country. It was explained that the reason was related to a possible shortage of the goods required in the subscribing country concerned, and not to any general desire to control the use of currency subscribed to the Bank. The alternative would be to control exports of the same goods which control it was desired to avoid.
The text was referred for re-drafting together with the substance of Alternatives B and C (pages 20 and 20A).
17. *Section* 3 (Page 21) Was not discussed.
18. *Section* 4 (Page 22) Payment provision for direct loans. A long discussion took place on this proposal to establish standard rates of interest and commission which went further than the subject of *direct* loans. The proposal concerning amortization was not discussed, and the whole matter was referred to a subcommittee.
19. The proposal for standard rates was related chiefly to reconstruction loans, in which it was argued, all should share equally, whatever might have been the credit status of particular countries. For development loans, and for the long term functions of the Bank, the merit of the proposal was less

clear. But some countries with good credit status, which might need reconstruction loans, objected to a uniform commission charge (regarded as a kind of mutual insurance, and intended to create funds to meet guarantee liabilities).

Questions arose also as to effects on the credit of the Bank, and the attitude of potential bondholders especially in the USA while this was not all relevant to direct loans from the Bank's own capital, the same principle was involved generally. The USA spokesman said that the Bank should not be required to have uniform charges, although it probably would follow that principle in its own discretion, at least in the early post war period.

20. *Section 7. Order of Meeting Obligations*

Alternative A (on Page 25) was referred to a Drafting Committee, partly to separate the procedures required for loans and guarantees.

Alternative B (on page 25A) was also referred. It is related to the question of the detailed requirements proposed for Article III, Section 4(b) given as Alternative J on Page 15b.

J. B. BRIGDEN,
Reporter

July 12th, 1944.

Document 337

CII/MC/2

Working Paper for Drafting Committee of Commission II

Text of Provisions Recommended by Committee 2A and Committee 2B

(*July* 12, 1944)

Article III

Doc. #245 SECTION 4. *Conditions on which Bank may Guarantee or make loans.*

Alt. A. p. 15 The Bank may guarantee, participate in, or make loans to the government of any member, political subdivisions thereof, and business, industrial, and agricultural enterprises therein, subject to the following conditions:

(1) The government of the member in which the project is located, fully guarantees the payment of

interest on the loan and repayment of the principal, either directly or through an institution having power to give such member's guarantee and acceptable to the Bank.

Alt. B. p. 15a (2) The Bank is satisfied that in the prevailing market conditions the borrower would be unable otherwise to secure the funds under conditions which in the opinion of the Bank are reasonable for the borrower.

Alt. A. p. 15 (3) A competent committee, after a careful study of the merits of the proposal, has submitted a written report concluding that the execution of the proposal would serve to increase the productivity of the member country in which it is located.

(This paragraph is referred to the drafting committee for revision in connection with Article I on Purposes.)

(4) [Referred to Subcommittee]

p. 15 (5) In guaranteeing a loan made by other investors, the Bank receives compensation for its risk.

(p. 2)

Article III

SECTION 5. [Referred to Subcommittee of Committees 2a and 2b]

Doc. #245 Alt. A. p. 18 SECTION 6. *Use of loans guaranteed, participated in or made by the Bank.*

(a) The Bank shall impose no conditions as to the particular member in which the proceeds of a loan shall be spent.

(b) The Bank shall make arrangements to assure 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 regardless of political or other non-economic influences or considerations.

(c) In addition to any other action which the Bank may take to implement the provisions of subsection (b) above with respect to loans it makes, it shall credit the account of the borrower with the amount of the loan and shall make payment from the account only to meet expenses as they are actually incurred.

(p. 3)

Article IV

Operations

Doc. #245 Alt. A p. 19

SECTION 1. *Methods of facilitating provision of loans.* The Bank may facilitate the provision of loans which satisfy the general conditions of Article III in any of the following ways:

(a) By direct loans out of the Bank's own capital paid in under Article II, Section 4(a).

(b) By direct loans out of funds raised by the Bank in the market of a member.

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

SECTION 2. *Loans from subscribed capital.* [Referred to Subcommittee.]

SECTION 3. *Loans from borrowed funds and guarantees.* [Referred to drafting committee of Commission II]

SECTION 4. *Payment provisions for direct loans.* [Referred to Subcommittee]

SECTION 5. *Participations.* [Referred to drafting committee of Commission II]

SECTION 6. *Guarantees.* [Referred to Subcommittee]

SECTION 7. *Order of meeting obligations.* [Referred to Subcommittee]

Document 338

CII/AH/RP1

Memorandum

July **12, 1944**

Report of *Ad Hoc* Committee 3-C of Commission II

As requested, a meeting was held on July 12, at 9:30 a.m., attended by representatives from Belgium, Czechoslovakia, Mexico, Netherlands, United Kingdom and the United States. The consensus of opinion of the Committee on the material assigned to it is indicated below:

	Page on Document in Bank Draft	Remarks
Article VI, Section 1, Alternative A, (Right of members to withdraw)	42 (245)	Accepted without any modification.
Article VI, Section 2 Alternative A (Suspension of Membership)	43 (245)	The words on line 3 of the first sentence following "a majority of the" were deleted and "governors, which shall include a majority of the aggregate votes" were substituted. The remainder of this section was accepted as written.
Article VI, Section 3 Alternative A (Final Assistance to be withheld)	44 (245)	Accepted without any modification.
Article VI, Section 6 Alternative A (Assessments to meet Losses)	47 (245)	Accepted without any modification.
Article VI, Section 7 Alternative A (Liquidation)	48, 48a (245)	The second paragraph was deleted in its entirety and "Bank may be voted into liquidation by a majority of the members which shall include a majority of the aggregate votes" substituted. With this modification the section was accepted by the Committee.

Although Article VI, Section 5, Alternative A, Document 245, page 46, was not assigned to this Committee, it was the consensus of opinion of the members that it should be reviewed at this meeting. The section was reviewed in conjunction with other assigned material and approved by the members of the Committee. (p. 2) During the discussion of the material one of the delegates asked for an interpretation of the use of the word "contingently" in paragraph b(1) of this section, reading as follows:

"No amount shall be paid for shares prior to six months from the date upon which the country ceases to be a member nor thereafter so long as the country, its central bank or any of its agencies remain liable, directly, or contingently, to the Bank, except as to liability of the country resulting from its subscription for shares, and any amount so withheld may, at the option of the Bank, be applied on any mature obligation."

It was interpreted that the use of the word "contingently" covered all guarantees, warrantees and commitments of whatever nature existing at the time the member withdrew from the Bank. The Article was accepted by the Committee.

Document 340

CII/DC/RP1

July 13, 1944

Commission II: Report of Drafting Committee

At a meeting of the Drafting Committee held on the 12th of July at 8:30 p.m., the following disposition was made of the Committee's assignments:

Page 2, Art. 1, Alt. J. (Doc. #313)	Approved as amended. (See attached sheet.)
Page 9, Art. II, 7	Approved.
Page 10, Art. II, 8	Approved.
Page 12, Art. III, 1	Amended draft contained in minutes of July 11 meeting (Doc. #300) approved.
Page 23, Art. IV, 5	Approved.
Page 6, Art. II, 4	It was recommended by the Drafting Committee that the words "any of" contained in subsection (a), line 2, be deleted to achieve consistency with Art. IV, 5.
Page 26, Art. IV, 8	Approved as amended. (See attached sheet.)
Page 27, Art. IV, 9	Approved as amended. (See attached sheet.)
Page 28, Art. IV, 10	Approved as amended. (See attached sheet.) It will be noted that the last paragraph of this section was eliminated and a more general provision substituted. It was felt by the Drafting Committee that the paragraph as it stood selected for special attention one of the several purposes set forth in Art. I.
Page 37, Art. V, 9	Approved as amended to achieve consistency with Fund document. (See attached sheet.)
Page 39, Art. V, 11	Approved.
Page 41, Art. V, 13	Approved as amended to achieve consistency with Fund document. (See attached sheet.)
Page 46, Art. VI, 5	Although this section had been assigned to the Drafting Committee, it was found that it had been considered by *ad hoc* Committee 3c. The Drafting Committee therefore felt that the Commission should have the benefit of Committee 3c's deliberation.

Page 49, Art. VI, 1) Page 51, Art. VII, 2) Page 53, Art. VIII) Page 54, Art. IX, 1) Page 56, Art. IX, 3)	These remaining sections of the Committee's assignment will be considered at a meeting at 11:30 this morning and presented to the Commission in a supplementary report.

(p. 2)

It is recommended by the Drafting Committee that the Commission endorse the foregoing action.

DEAN ACHESON

7/13/44

(p. 3)

Article I

The Purposes of the Bank are:

1. To assist in the reconstruction and development of member countries by facilitating provision of the investment of capital for productive purposes including the restoration of economies 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.
2. 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 financing by providing capital for productive purposes out of its own resources on suitable conditions.
3. 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 member countries, thereby assisting in raising productivity, the standard of living and conditions of labor in member countries.
4. To coordinate loans made or guaranteed by it with international loans through other channels so that the more useful and urgent projects will be dealt with first.
5. To conduct its operations with due regard to the effect of international investment on business conditions in member countries and, in the immediate post-war years, to assist in bringing about a smooth transition from a wartime to a peace-time economy.

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

(p. 4)

Article IV

SECTION 8. *Miscellaneous Operations.*

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

(1) To issue, buy and sell (i) its own securities including securities which have as collateral loans or investments it has made, (ii) securities it has guaranteed and, (iii) securities in which it has invested, provided that the Bank shall obtain the approval of the member in which securities are to be issued, bought or sold, and when the Bank buys securities it has issued, it shall also obtain the approval of the member whose currency will be paid for such securities.

(2) To guarantee securities in which it has invested for the purpose of facilitating the sale of such securities.

(3) To borrow the currency of any member with the approval of that member; and

(4) After consultation with the International Monetary Fund, to buy and sell gold and the currencies of members whenever such transactions are necessary in connection with the operations of the Bank, provided that, with respect to each transaction, except any transaction undertaken to pay creditors, the Bank shall obtain the approval of the member in which the transaction takes place and the member whose currency is disposed of by the Bank.

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

7/13/44 Art. IV Sec. 8

(p. 5)

Article IV

SECTION 9. *Warning to be Placed on Securities.*

Every security guaranteed or issued by the Bank shall bear on its face a conspicuous statement that it is not an obligation of the government of any country except as 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 its decisions by the political character of the government 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

SECTION 9. *Form of Holdings of Currency.*

The Bank shall accept from any member in place of any part of the member's currency, 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 a credit to the account of the Bank in the territory of that member. This provision shall apply not only to currency paid on subscriptions but also to any currency otherwise acquired by the Bank.

SECTION 13. *Miscellaneous Powers.*

In order to carry out its purposes, the Bank shall possess full juridical personality and in particular the power

(a) To contract;
(b) To acquire and dispose of immoveable and moveable property;
(c) To institute legal proceedings;
(d) To enter into such compromises or settlements of obligations due to or by the Bank as in the judgment of the Board are to the best interests of the Bank;
(e) To employ such staff as shall be necessary to conduct the business of the Bank; and
(f) To adopt such rules or regulations as may be necessary or appropriate to conduct the business of the Bank.

Art. V
Sec. 13

Document 341

DP/22

INTERNATIONAL MONETARY FUND

ARTICLE XVI—*Amendments*

Addition proposed by the U. K. Delegation

Insert after (c) on page 26 of Document 321 the following:—

(d) Notwithstanding the provisions of (a) (b) and (c) above, in any case where, in the opinion of the Executive Directors, it is essential, in order to secure the proper working of the Fund, that some amendment should be made urgently to the provisions of this Agreement other than those referred to in (b) above, the following provisions shall apply:—

(i) The Executive Directors may by a unanimous vote adopt an amendment which shall enter immediately in force and remain in force unless and until it is repealed or modified under (ii) or (iii) below.

(ii) The amendment made by the Executive Directors shall be submitted to the Board of Governors within——— days of its being made and shall be repealed if it is not accepted with or without modification by 9/10ths of the aggregate voting power on the Board of Governors and 9/10ths of the number of Governors. The amendment as so adopted shall then be in force.

(iii) The amendment as adopted by the Board of Governors shall at once be communicated by circular letter or other form of communication to all members and shall remain in force unless within ———days not less than 1/10th of the number of members, or members possessing not less than 1/10th of the aggregate voting power in the Fund, signify their opposition to the amendment in which case the amendment shall be repealed.

Document 342

CI/DC/3

First Report of Drafting Committee of Commission I, July 13, 1944

Your Drafting Committee which consists of representatives of the following delegations: Canada (Chairman), China, French Committee of National Liberation, Mexico, Netherlands, Union of Soviet Socialist Republics, United Kingdom and United States of America, has met several times since it was appointed on July 10 and we are able to submit today a report covering all the Articles which had been cleared through the various committees of Commission I, including the special ad hoc committees, by yesterday noon and some which had been cleared through these committees later in the day.

Your Drafting Committee has been obliged to work under considerable pressure and we are aware that the documents submitted to you this morning require polishing and improvement. We therefore request the authority of the Commission to make such changes as appear to us desirable in matters of pure form, and to eliminate any internal inconsistencies or duplications which may become apparent on more leisurely examination, and to insert cross references where necessary.

We are placing two documents before you. The first, Document No. 320, is referred to as Annex I of our report and consists of an outline or Table of Contents of the Articles and Sections of the Fund Agreement. An examination of this document will enable members of the Commission to see the order in which we have seen fit to arrange the subject matter. At the end of each heading on this Table of Contents members will find references to various pages of Document SA/1, the so-called loose-leaf bible. The sections referred to are those which were approved by your committees, and by comparing these sections with the corresponding sections of our report, members of the Commission will be able to see what changes we have made in language.

Against certain sections of Annex 1 of our report, Document No. 320, members will find an asterisk. An asterisk indicates that the relevant section has either not yet been cleared through the appropriate committee, or that it was cleared too late for us to incorporate in this report. Your drafting committee takes the liberty of pointing out that it cannot make further progress in its work until the sections marked with an asterisk have been cleared.

The main body of our report has been distributed as Annex II, Document No. 321. It consists of our draft of the articles of agreement of the International Monetary Fund insofar as these have been agreed by your committees.

No further explanation would appear to be required in presenting these documents to the Commission, but the Drafting Committee, in submitting the text of Article IX, Section 10 (our numeration) dealing with immunities from taxation, desires to place on record certain assumptions regarding its interpretation of the intention underlying this Article. These assumptions are as follows: (a) The Fund is not entitled to import goods free of customs duty without any restrictions on their subsequent sale in the country to which they were imported. (b) The Fund enjoys no exemption from duties or taxes which form part of the price of goods sold. (c) The Fund enjoys no exemption from taxes or duties which are in fact no more than charges for services rendered.

(p. 2) The Drafting Committee desires further to place on record its understanding that the phrase "territory of members" or "territories of members", where it appears in Article IX on Status, Immunities and Privileges of the Fund (our numberation), is to be construed sufficiently widely to include the political sub-divisions of members and, where relevant, their taxing authorities.

The Drafting Committee wishes to add the following to Article XIX, Section 1 on page 28 of its report:

> "(g) In the case of governments whose metropolitan territories have been under enemy occupation, the deposit of the instrument referred to in (d) above may be delayed until——— months after the date on which these territories have been liberated. If, however, it is not deposited before the expiration of this period by any such government, the signatures affixed in its behalf shall become void and the portion of its subscription paid under (f) above shall be returned to it.
>
> "(h) Paragraph (f) and (g) shall come into force with regard to each signatory government as from the date of its signature."

The Drafting Committee understands that, in the discussion of certain sections in the committees of the Commission, various delegations reserved their right, in cases where the consensus of the committee was contrary to the views they expressed, to make declarations to that effect before the Commission. Your Committee has not regarded it as part of its duty to make reference in its report to such reservations.

Document 343

CI/1/DC5

Third Report of the Reporting Delegate of Committee 1 of Commission I on the Purposes, Policies, and Quotas of the Fund

July **13, 1944.**

MR. CHAIRMAN:

On July 9, 1944, I had the honor to report to your Commission on the progress of the work assigned to Committee 1 of Commission I on the Purposes, Policies, and Quotas of the Fund.

Since then, the Drafting Committee appointed by Committee 1 finished the examination of all sections referred to it and presented its final report on such matters as remained unsettled up to the time of the last meeting of your Commission.

Committee 1 met on July 12 and discussed the Report of the Drafting Committee and decided on all other matters still waiting for its decision.

In the first instance I wish to report to your Commission that Committee 1 has not been able to discuss two sections assigned to it:

(a) Article II, Alternative A, Section 2—Quotas (page 2 of Document SA/1; and

(b) Article IX, Alternative A, Section 1 — Purposes and Scope of Additional Undertakings (page 38 of Doc. SA/1).

As I have already reported in my previous reports, the documents relating to these sections are not yet available to the Committee.

The decisions taken by Committee 1 in the order of Articles and Sections assigned to it were the following:

Article I, Alternative A, Section 4 (*page* 1*a of Document SA*/1) Promotion of exchange stability as one of the purposes of the Fund.

The Committee, in agreement with the Drafting Committee, decided to propose the acceptance of Section 4 of Article I in its original wording in Alternative A, and the rejection of Alternatives B, D, and E. The Australian Delegation reserved its position which was in favor of Alternative D on page 1b of SA/1. In connection with this Article, the Committee agreed to drop Alternative F of Article I (page 1c of SA/1) relating to the correlation of procedures of the Fund with policies of other international agencies.

Article II, Sections 1 *and* 3

The Committee decided to refer Alternatives C and D (page 2b and 4c of SA/1) to Commission III, because these (p. 2) Alternatives contained a new proposition, viz., payment of a portion of a member's subscription in silver, and the Committee was informed that all matters dealing with silver were being discussed in Commission III.

Article II, Alternative A, Section 5, *Initial Payments* (p. 4 of SA/1)

On page 5 of my report of July 9th, I informed your Commission that Committee 1 had accepted Section 5 of Article II, with a slight alteration. The Committee has now been requested to fill the date on which the holdings of gold and gold-convertible exchange of member countries should be established as provided in this clause.

In view of the fact that various delegations did not have time to consider the matter, the Committee agreed to refer this question directly to your Commission.

The Committee then proceeded to the discussion of the sections of Article IX with regard to which no decision had yet been taken. The Committee had the advantage of the Report of July 11 of the Drafting Committee.

Article IX, Alternative A, Section 2 (page 38 of SA/1)

The Drafting Committee proposed and the Committee accepted the following wording of this section:

> "The Fund shall prescribe for transactions in gold by member countries a permissible margin above and below the agreed parity. No member country shall buy gold at a price above the prescribed range, nor sell gold at a price below that range."

The Committee felt that this wording reconciled the different views and tendencies.

Under this clause, member countries are permitted to buy gold below this range and to sell gold above the range. On the other hand they were not prevented from following domestic policy of encouraging local gold-mining industry by means other than paying a higher price for gold.

Section 3, *Foreign Exchange Dealings based on par values,* (paragraph (a), (page 39 of SA/1)

The Drafting Committee recommended the acceptance of the following language for this paragraph:

> "(a) The Fund shall prescribe a uniform maximum margin not exceeding ———percent, by which rates for transactions in the currencies of members may differ from parity. In exceptional circumstances the Fund may authorize a member country to establish a wider margin for transactions in its currency."

The Committee, while accepting in principle this paragraph, thought that it relates closely to problems discussed by Committee 2, and decided therefore to refer the suggestion to Commission I.

(p. 3)

Section 3, *Paragraph* (*c*), *Alternatives A and B* (pages 39 and 39a of Document SA/1)

The Drafting Committee proposed new language as a substitute for these alternatives, as follows:

"(c) Exchange transactions in the territory of one member involving the currency of any other member which are outside the prescribed variation from parity set forth in (a) above, shall not be enforceable in the territory of any member country.

"Each member agrees to cooperate with other members in their efforts to effectuate exchange regulations prescribed by such members in accordance with this agreement."

The difference between Alternatives A and B and the Drafting Committee's proposal is:

Alternative A declares "not enforceable any transaction involving the currency***", which evade or avoid exchange regulations, etc.

Alternative B makes such transactions an offense.

The wording proposed by the Drafting Committee declares not enforceable *only transactions outside the prescribed variation from parity.*

The Delegation of the United Kingdom, while expressing its preference for Alternative B, declared their willingness to recede from this position if the original Alternative A was accepted.

The United States' delegate expressed a preference for the language proposed by the Drafting Committee. The Committee decided thereupon to refer all three Alternatives to Commission I.

As a last item, the Committee considered Alternative H to Section 8 of Article IX (page 43b of SA/1) relating to cooperation between member countries.

The Committee considered that if the proposal of the Drafting Committee regarding Section 3, paragraph (c) of this Article, as stated above, were accepted, the purpose of this Alternative would be covered. The Alternative was, therefore, not pressed.

This completed the work assigned to the Committee with regard to all matters for which material had been provided.

K. VARVARESSOS

Document 344

CI/DC/4

INTERNATIONAL MONETARY FUND

ARTICLE XVI—*Amendments*

Addition proposed by the U. K. Delegation

Insert after (c) on page 26 of Document 321 the following:—

(d) Notwithstanding the provisions of (a) (b) and (c) above, in any case where, in the opinion of the Executive Directors, it is essential, in order to secure the proper working of the Fund that some amendment should be made urgently to the provisions of this Agreement other than those referred to in (b) above, the following provisions shall apply:—

(i) The Executive Directors may by a unanimous vote adopt an amendment which shall enter immediately in force and remain in force unless and until it is repealed or modified under (ii) or (iii) below.

(ii) The amendment made by the Executive Directors shall be submitted to the Board of Governors within ———days of its being made and shall be repealed if it is not accepted with or without modification by 9/10ths of the aggregate voting power on the Board of Governors and 9/10ths of the number of Governors. The amendment as so adopted shall then be in force.

(iii) The amendment as adopted by the Board of Governors shall at once be communicated by circular letter or other forms of communication to all members and shall remain in force unless within ———days not less than 1/10th of the number of members, or members possessing not less than 1/10th of the aggregate voting power in the Fund, signify their opposition to the amendment, in which case the amendment shall be repealed.

Document 345

SA/1/59

(p. 14f)

The following material has been suggested as an addition to the end of Alternative C (Art III. Sec. 11, p. 14c).

The Fund may arrange to obtain further information by agreement with members. It shall act as a central point 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.

7/13/44

J.S. Art. III
Additional
Section 11

Document 346

(p. 26n) SA/1/60

Alternative L

(Substitute for Schedule B in Alternative J, SA/1/54, Doc. 310)

In balloting for the remaining Executive Director each governor of a country, not belonging to the five countries with largest quotas nor being representative of any South American Republic, shall cast for one governor all votes, corresponding to his quota (without the basic 250 votes), as forseen in Article III, Section 3. The five persons receiving the greatest number of votes shall be Executive Directors, except that one person who receives less than twenty per cent of the aggregate eligible votes shall not be considered as elected. When five persons are not elected on the initial balloting, a second balloting shall be held, in which there shall vote only those governors who voted for a person not elected. In the second balloting those persons shall be considered as elected, who received at least such a percentage of votes of the total amount of votes cast in that balloting, which is obtained by dividing the number 100 by the number of seats to be additionally distributed. If enough additional persons are not elected on the second balloting, further ballots shall be taken on the same principles, 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.

If new countries should be admitted as members of the Fund, the number of five seats will be increased correspondingly, according to the increased proportion of quotas.

7/13/44

Art. VII
Sec. 2f
Alternative J

Document 347 (278)

(p. 50c) SA/1/61

Alternative B

(Revision of pages 50 and 50a, SA/1/49)

SECTION 5. *Fixing Initial Par Values.*

(a) Each member on whose behalf this Agreement is signed before——————, shall, within 30 days of receiving notice from the Fund, communicate to it the par value for the member's currency based on the rates of exchange prevailing for its currency sixty days prior to the date on which this Agreement first comes into force, provided that no member shall be required so to communicate while its metropolitan territory is involved in major hostilities. The par value so communicated shall be the par value of the member's currency for the purposes of the Fund, unless the member signifies within ninety days after receiving the notice above that it regards such par value as unsatisfactory. In the case of a member whose territory has been occupied by the enemy, the Fund may extend the period of ninety days, or, if the member so requests, it shall postpone during a period to be agreed between the member and the Fund the communication of the par value of the member's currency.

(b) If the Fund is of opinion that the par value thus indicated by the member cannot be sustained without recourse to the Fund on a scale damaging to the Fund and to other members, it shall so inform the member within the ninety-day period mentioned in (a) above.

(c) When a member or the Fund signifies that the par value of a currency communicated under (a) above is unsatisfactory, the Fund and the member shall, during a period to be 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 as of the date of the termination of such period.

7/13/44 Art. XIII Sec. 5

(p. 50d) (d) A member communicating to the Fund a par value for the currency of its metropolitan territory shall at the same time communicate a value, in terms of that currency, for each separate currency, where such exists, in the territories in respect of which it accepted this Agreement under Section ———. From the values so communicated, the Fund shall compute the par value of each such separate currency. A member making a communication to the Fund under (c) above shall be deemed, unless it declares otherwise, to be making a corresponding communication regarding the par values of such separate currencies. It shall, however, be open to any member to make a communication relating to the metropolitan or any of these separate currencies alone and, if the member does so, the provisions of the preceding paragraphs shall apply to each of these currencies separately.

(e) Notwithstanding the other provisions of this Agreement, a member that has been occupied by the enemy may agree with the Fund, either in respect of a metropolitan currency or of a separate currency mentioned above, upon a provisional initial rate of exchange, following which such member may buy from the Fund with its currency the currency of other members, but only under conditions and in amounts to be prescribed by the Fund. Such provisional rate may be changed by agreement with the Fund.

7/13/44 Art. XIII Sec. 5

(p. 50e) (f) The Fund shall begin exchange transactions at such date as it may determine after par values have been established for the currencies of members having sixty percent of the aggregate quotas set forth in Schedule A but in no event until after the Fund shall have found that major hostilities in the present war in its European phase have ceased. In no case shall the Fund undertake exchange transactions in a member's currency for which a final par value has not been determined or a provisional rate has not been agreed with the Fund.

(g) The Fund may defer initial exchange transactions with any member whose circumstances in the opinion of the Fund would lead to use of the resources of the Fund in a manner contrary to the purposes of this Agreement or damaging to the Fund or other members.

7/13/44 Art. XIII Sec. 5

Document 348

(p. 1b) SA/3/13

Alternative D

It is suggested that the title be:

International Financial Institution for Reconstruction and Development.

7/13/44 Title Alternative D

Document 349

DP/23

Delegation of El Salvador
July 11, 1944

MEMORANDUM TO: Assistant Secretary General, and Technical Secretary General.
FROM: Office of the Secretary General

Mr. Victor Manuel Valdés, Delegate from El Salvador, requested that the title given below be submitted as a suggestion for the title of the Bank under consideration by the Conference:

International Financial Institution for Reconstruction and Development.

Document 350 (314)

(p. 12a) SA/3/14

ALTERNATIVE C

(Correction of error in Doc. 314; that document should be discarded.)

SECTION 1. The resources and facilities of the Bank shall be used exclusively for the benefit of member countries with equitable consideration to projects for development and projects for reconstruction alike, with due regard to the extreme urgency of immediate post-war reconstruction of war torn areas.

Art. III
Sec. 1
Alt. C

Document 351

SA/1/61

Initial Par Values

(Addition to Art. XIX, Section 4 of Doc. 321)

To be inserted as last sentence of the Section commencing with "Notwithstanding":

> In cases where a now occupied country adopts a new monetary unit, the par value of the new currency shall be valid in relation to the Fund from the date of its enforcement, unless the Fund takes action under (b) above, in which case the procedure prescribed in (c) shall be applied.

Document 352

CII/AH/RP2

Report of Ad Hoc Committee 3-b to Commission II

July 13, 1944

The committee met with all designated members present, plus representatives from Canada, China, and the French Delegation. Mr. Miguel Lopez Pumarejo presided. It considered Sections 1 to 4 of Article V. After discussion of the points involved, Section 1 (Board of Governors), and Articles i to 1 of Section 3, Alt. A were approved, with verbal corrections to correspond to changes made in the corresponding sections of the Fund. Discussion of Section 2 and the rest of 3, voting and the Board of Directors, were deferred until the Fund language is completed. Action on Section 4 was deferred until the changes made in *Ad Hoc* Committee 3-a could be placed before the committee.

M. H. DE HOCK
Reporting Delegate

Document 354

CII/AH/RP3

Report to Commission II on Actions by Ad Hoc Committee 3-a

July 13, 1944

The Committee met with all designated members present and with observers for 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 present.

Actions were taken as follows:

Article III, Section 2, Alternative B (p. 13) was discarded. Instead the concluding phrase of Alternative A was amended to read "other international agencies participated in primarily by members of the Bank".

Article III, Section 4 (p. 15). The Committee was informed that the first paragraph of this section had already been amended in Committee 2-a to read "business, industrial and agricultural enterprises". It was agreed that it should be recorded in the minutes and reported to the Commission that the term "agricultural" should be interpreted to include agriculture, forestry, and fisheries, including cooperative and credit institutions.

Point 2 of Alternative F (p. 15c), and Article V, Section 6 (p. 34), were disposed of by deciding that the latter section should be modified to provide general language for consultation with specialized international organizations with reference to loans in their fields, and this was referred to a special drafting committee for phrasing.

Article III, Section 4, Alternative G, was referred back to a special sub-committee for further consideration with the representatives of the international organizations.

It was agreed, however, that it would not be appropriate to provide current banking, exchange, or financing facilities for international organizations within the scope of the proposed investment Bank. It felt, nevertheless, that it might be desirable that some international banking agency be established which would provide such service to international organizations, and that in the future consideration might be given to the possibility of establishing an international banking agency whose services could be used by such international organizations now existing or hereafter created.

Article V, Section 1, sub-section (b) was considered with reference to international organizations. The following changes were recommended:

Section 1 (b) (5)—To modify the language to read: "Making agreements to cooperate with other international organizations, other than agreements of a temporary or administrative character". The Committee also recommended that this change be called to the attention of Commission I with the suggestion that the same change be made in the corresponding section of the Fund.

(p. 2) Article V, Section 4, Alternatives A and B (p. 32). The Committee dropped Alternative B but recommends that the first paragraph of Alternative A be modified to read as follows: "There shall be an Advisory Council of not less than seven persons selected by the Bank from outstanding representatives of banking, business, labor and agricultural interests, who are citizens of members, and with as wide a representation of citizenships of members as possible. In those fields where specialized international organizations exist, the corresponding members of the Council shall be selected in agreement with such organizations. The Council shall advise with the Bank on matters of general policy. The Council shall meet annually and on such other occasions as the Bank may require."

The succeeding paragraph is left unchanged.

This completed the Committee's assignment.

W. C. NAUDE,
Reporting Delegate.

749013 — 48 — 38

Document 357

(p. 53a) SA/3/15

Article VIII—*Amendments*

(Recommended by the Drafting Committee, July 13)
(Note: Substitute for page 53)

(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 by a majority of the aggregate votes, the Bank shall, by circular letter, ask all members whether they accept the proposed amendment. When three-fifths of the members, having four-fifths of the aggregate votes, 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 (1) the right to withdraw from the Bank; . . .

[further instances not yet determined]

(c) Amendments will 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.

7/13/44 Art. VIII

Document 358

(p. 54a) SA/3/16

Article IX

Interpretation of the Agreement

Section 1. *Interpretation* (Recommended by the Drafting Comtee, July 13)

(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 of the Bank for their decision. If the question particularly affects any member not represented by an appointed Executive Director, the provisions of Article V, Section 3, shall apply.

(b) In any case where the Executive Directors have given a decision under paragraph (a) above, any member may require that the question be submitted to the Board of Governors whose decision shall be final. Pending the result of the reference to the Board of Governors, 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 liquidation 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. The umpire shall have full power to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

7/13/44 Art. IX
Sec. 1

Document 359

(pp. 49a-52a) SA/3/17

Article VII

Status, Immunities and Privileges of the Bank

(Recommended by the Drafting Committee, July 13)
(Note: Substitute for pages 49 to 52 inclusive of Document 245, (SA/3))

Section 1. *Purposes of Article.*

To enable the Bank to fulfill the functions with which it is entrusted, the attributions, 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 power:

(a) To contract;
(b) To acquire and dispose of immovable and movable property;
(c) To institute legal proceedings.

SECTION 3. *Suits Against the Bank.*

"Suits may be brought against the Bank only in a court of competent jurisdiction in a member in which the Bank has an office, *has appointed an Agent for the purpose of accepting service or notice of suit, or has issued or guaranteed securities,* and only by litigants other than members and those acting for or deriving claims from members. The Bank and its assets of whatsoever nature shall, wheresoever located and by whomsoever held, be exempt and immune from seizure, attachment and execution in advance of final judgment *against the Bank.*"

7/13/44 Art. VII
Sec. 1-3

(pp. 49a-52a)

SECTION 4. *Immunity from Other Action.*

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 legislative or executive action whether under legislation or otherwise.

SECTION 5. *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 Fund shall be free from restrictions, regulations, controls and moratoria of any nature.

SECTION 6. *Exemption of Officers and Employees from Suit.*

All Governors, Executive Directors, Alternates, Officials and Employees of the Bank shall be exempt from legal process with respect to acts performed by them in their official capacity except when the Bank waives this immunity.

SECTION 7. *Immunity of Officers and Employees from Restrictions.*

The Governors, Executive Directors, Alternates, Officials and Employees of the Bank 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 to the representatives, officials, and employees of comparable rank of other members.

7/13/44 Art. VII
Sec. 4-7

(pp, 49a-52a)

SECTION 8. *Privilege for Communications.*

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

SECTION 9. *Privileges of Officers and Employees in Respect of Travel.*

The same treatment in respect of travelling facilities shall be granted to the Governors, Executive Directors, Alternates, Officials and Employees of the Bank as is granted to representatives and officials and employees of comparable rank of other members.

SECTION 10. *Immunities from Taxation.*

The following immunities shall be granted in the matter of taxation:

(a) The Bank, its assets, property, income and its operations and transactions authorized by this Agreement shall be exempt and immune from all taxation and from all customs duties. The Bank shall also be exempt and 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.

7/13/44 Art. VII
Sec. 8-10b

(pp. 49a-52a)

(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 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 Bank.

SECTION 11. *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. Each member shall inform the Bank of the detailed action which it has taken to grant the status, immunities, and privileges provided for in this Article.

7/13/44 Art. VII
Sec. 10c-11

Document 360

CII/DC/RP2

July 13, 1944

Commission II: Second Report of the Drafting Committee

The Committee met this morning at 11:30 to consider the remaining sections and reports as follows:

(a) Pages 49 and 50, Art. VII, Sections 1 and 2.

These matters which concern obligations and immunities of the Bank will require provisions analagous to those made for the Fund. Consequently, the Committee took the latest version of the Fund document and adapted it to the Bank. These provisions are contained in the new Article VII, Sections 1, 2, 4, 5, 6, 7, 8 and 9 separately distributed.

The process of adopting the Fund provisions has not comprehended the question of how far obligations shall persist during suspension or after termination of membership. The Committee recommends that the *ad hoc* committees make appropriate provision for this in the particular sections that fall within their assignments.

(b) Pages 51 and 52, Art. VII, Sections 3 and 4.

These matters which relate to suits against the Bank and restrictions on taxation of the Bank had been referred to *ad hoc* Committee 4. The Chairman of that Committee was present as a member of the Drafting Committee and requested the Drafting Committee to incorporate the recommendations of Committee 4 in its report. Consequently, these provisions appear as Sections 3 and 10 of Article VII separately distributed. Article VII is analagous to the corresponding provision for the Fund.

(c) Page 53, Article VIII, Amendments.

The Committee decided to adopt the revised language of the Fund. This is contained in the new Article VIII separately distributed.

(d) Page 54, Article IX, Section 1—Interpretation.

The Committee decided to adopt the revised language of the Fund. This is contained in the new Article IX, Section 1, separately distributed.

(e) Page 56, Article IX, Section 3—Approval deemed given.

The Committee approved this section.

The Committee recommends that the Commission endorse the foregoing action.

Document 361

(p. 66)

JOURNAL

UNITED NATIONS
MONETARY AND FINANCIAL CONFERENCE

No. 14	*Bretton Woods, New Hampshire*	*July 14, 1944*

ORDER OF THE DAY

Meetings for Friday, July 14

9:30 a.m.	Committee 3B of Commission II	Room A
10 a.m.	Commission I	Auditorium
11 a.m.	*Ad Hoc* Committee of Committee 2 of Commission II	Room B
12 noon	Committee 1 of Commission III	Room A
2:30 p.m.	Commission I	Auditorium
2:30 p.m.	Committee 3B of Commission II	The Hemicycle
2:30 p.m.	*Ad Hoc* Committee of Committee 2 of Commission II	Room B
5:30 p.m.	Committee 2 of Commission III	Room B
8:30 p.m.	Drafting Committee of Committee 3 of Commission III	Room A

(p. 67)

Résumés of Commission Meetings

Commission I

International Monetary Fund

(*July* 13, 2:30 *p.m.*)

The Commission received the reports of its drafting committee (Documents 342, 320, and 321); the *ad hoc* committee on Exchange Controls on Current Payments (Document 329); the *ad hoc* committee on Executive Directors and Voting Arrangements (Document 334); the report of the *ad hoc* committee on Relations with Non-Member Countries (Document 311); the report of standing Committee 1 (Document 343); and the report of standing Committee 2 (Document 333).

A Special Committee on Unsettled Problems was created, and to it were referred article IX, section 4; the question of the date on which holdings of gold should be established for the purpose of determining initial gold subscriptions; the margin by which exchange rates may depart from parities; and the enforceability of exchange transactions outside the prescribed range of parity. The Commission approved article IX, sections 5 and 6, and the additional section to article IX on relations with non-members. The question of the number and selection of executive directors was deferred until an agreement is reached on quotas by a special committee. Further consideration of article XIII, section 5, on initial par values, was deferred pending the preparation of a new draft.

(The minutes of this meeting are being distributed separately as document no. 370.)

Commission II

Bank for Reconstruction and Development

(*July* 13, 5 *p.m.*)

At its third meeting, Commission I considered the following reports:

(1) Report of Subcommittee 1a, on membership in the Fund and Bank
(2) Report of Subcommittee 1b, on subscriptions to the Bank
(3) Report of Subcommittee 2a and 2b, on operations
(4) Report of Subcommittee 3a, on relations with other international organizations
(5) Report of the drafting committee

(p. 68)

Appointment of Special Committee of Commission I

Pursuant to the action of Commission I at its meeting on July 13, the Chairman of Commission I announces the appointment of the following Committee of that Commission:

Special Committee for Unsettled Problems Before Commission I

United States, *Chairman*
Brazil
Canada
China
Cuba
Czechoslovakia
French Delegation
Mexico
Netherlands
New Zealand
Union of Soviet Socialist Republics
United Kingdom

Secretary: Leroy D. Stinebower

Notice Regarding Document 320

The title of Document 320 (Symbol CI/DC/1) should be corrected to read "Report of Drafting Committee of Commission I—Annex I".

Notice Regarding "The United States in the World Economy"

In response to a number of requests from delegates, the Technical Secretariat has obtained a few copies of "The United States in the World Economy", published by the United States Department of Commerce. Requests for copies may be given to Mr. Maffry in room 149.

(p. 69)

LIST OF DOCUMENTS ISSUED AS OF JULY 13, 1944

Subject	*Symbol*	*Doc. No.*
Journal No. 13	J/13	319
Report of Drafting Committee of Commission I, Annex I — Outline of Articles & Sections of Fund Agreement	CI/DC/1	320
Report of Drafting Committee of Commission I, Annex II — Articles of Agreement of the International Monetary Fund	CI/DC/2	321
Order of the Day, July 13	GD/36	322
Additional Pages to SA/1—Alternative A, Exchange Restrictions & Currency Arrangements and Practices Retained (pp. 44 a and b)	SA/1/57	323
Additional Page to SA/3—Article V, Alternative B, Addition to Section 3, Subsection (e) (p. 31e)	SA/3/10	324
Minutes of Meeting of Committee 2, Commission I, July 12, 2:30 p.m.	CI/2/M8	325
Minutes of Meeting of Committee 1, Commission I, July 12, 2:30 p.m.	CI/1/M6	326
Additional Page to SA/3—Alternative C, Limitation on Loan & Guarantees (p. 14a)	SA/3/11	327
Additional Page to SA/1 — Alternative K (p. 26m)	SA/1/58	328
Report of *Ad Hoc* Committee of Commission I on Article IX, Section 4, July 12, 6 p.m.	CI/AH/RP3	329
Report of Subcommittee 1a of Committee 1, Commission II, July 12, 9:30 a.m.	CII/1/Sa/1	330
Report of Subcommittee 1b of Committee 1, Commission II, July 12, 12:30 p.m.	CII/1/Sb/1	331
Additional Pages to SA/3—Article V (3), Alternative B (pp. 31 e and f)	SA/3/12	332
Report of Committee 2, Commission I, July 11 & 12	CI/2/RP/3	333
Report of *Ad Hoc* Committee of Committee 3 on Executive Directors & Voting Arrangements	CI/3/AH/RP1	334
(p. 70)		
Report of *Ad Hoc* Subcommittee A of Committee 4, Commission II, July 12, 4:30 p.m.	CII/4/AH/RP1	335
Report of Subcommittees a and b of Committee 2, Commission II, on the Operations of the Bank, July 13	CII/2/S-a-b/RP1	336

Subject	*Symbol*	*Doc. No.*
Working Paper for Drafting Committee of Commission II, Text of Provisions Recommended by Committees 2a and 2b	CII/MC/2	337
Report of *Ad Hoc* Committee 3c of Commission II, July 12	CII/AH/RP1	338
(Cancelled)		339
Report of Drafting Committee of Commission II, July 13	CII/DC/RP1	340
U.K. Delegation Proposal — Addition to Article XVI — International Monetary Fund — Amend.	DP/22	341
First Report of Drafting Committee of Commission I, July 13	CI/DC/3	342
Third Report of Drafting Committee of Committee 1, Commission I, July 13	CI/1/DC5	343
International Monetary Fund, Article XVI — Amendments	CI/DC/4	344
Additional Page to SA/1 (p. 14f)	SA/1/59	345
Additional Page to SA/1 (p. 26n)	SA/1/60	346
Additional Page to SA/3—Alternative D (p. 16)	SA/3/13	348
El Salvador Proposal—Suggested Title of Bank, "International Financial Institution for Reconstruction & Development"	DP/23	349
Revision of SA/3/9 (p. 12a)	SA/3/14	350
Report of *Ad Hoc* Committee 3-b to Commission II, July 13	CII/AH/RP2	352
Mexican Delegation Statement — Press Release No. 30	PR/30	353
Report of *Ad Hoc* Committee 3-a to Commission II, July 13	CII/AH/RP3	354
News Bulletin No. 17		356

Document 362

DP/24

Statement by the Polish Minister in Commission II Meeting, July 13, 1944

The Polish Delegation upholds the addition to the text of Article III, Section 1, and moves that the following words be added:

> "With due regard to the extreme urgency of immediate postwar reconstruction of wartorn areas."

We fully appreciate the necessity of creating an International Institution for the purpose of the development of all countries and of expansion of the productive capacities and for raising the standard of living.

We are well aware of this fact because our future, too, depends on the help we receive in expanding the productive capacities of our country. But being fully conscious of the wounds, which already have been and which still are being inflicted daily upon the economy of the countries whose territories now serve as battlefields, and which are being systematically looted by the enemy, of not only their stocks but also of their means of production, we must bear in mind the immediate effects of the war and the appalling conditions caused by warfare and occupation. The countries which suffered most for the common cause of the United Nations, have a right to demand that help be extended to them, first of all so that their wounds may be healed and a possibility be given to them to have an even start for future development. We share the opinion that the development of each country is of interest to all nations. However, I fear that the countries devastated by war cannot postpone their reconstruction until productive capacities, developed with the help of the Bank, will assist them, and, therefore, it is imperative to emphasize the priority for reconstruction.

We wish that from Bretton Woods should emanate a message to all the occupied countries of assurance of solidarity of all the United Nations, as well as a message of hope that the heavy wounds inflicted upon the countries through war and occupation, will be speedily healed by a collective effort.

I believe that, should this matter be left without any clear statement regarding priority for reconstruction, the aim of the message would not be achieved.

Document 363

(p. 2f) SA/3/17

Article I

(Accepted by Commission II, July 13)
(Substitute for Alternatives A to G, pp. 2 to 2c)

The Purposes of the Bank are:

1. To assist in the reconstruction and development of member countries by facilitating provision of the investment of capital

for productive purposes including the restoration of economies 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.

2. 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 financing by providing capital for productive purposes out of its own resources on suitable conditions.
3. 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 member countries, thereby assisting in raising productivity, the standard of living and conditions of labor in member countries.
4. To coordinate loans made or guaranteed by it with international loans through other channels so that the more useful and urgent projects will be dealt with first.
5. To conduct its operations with due regard to the effect of international investment on business conditions in member countries 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.

7/13/44 Art. 1

Document 364

(p. 12b) SA/3/18

*ARTICLE III (1)

(Accepted by Commission II, July 13)

(Substitute for Alternatives A, B and C, Pp. 12 and 12a)

SECTION 1. *Use of Resources.* 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.

7/13/44 Art. III
Sec. 1

Document 365

(p. 26a) SA/3/19

ARTICLE IV (8)

(Accepted by Commission II, July 13)
(Substitute for Alternative A, p. 26)

SECTION 8. *Miscellaneous Operations*

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

(1) To issue, buy and sell (i) its own securities including securities which have as collateral loans or investments it has made, (ii) securities it has guaranteed, and, (iii) securities in which it has invested, provided that the Bank shall obtain the approval of the member in which securities are to be issued, bought or sold, and when the Bank buys securities it has issued, it shall also obtain the approval of the member whose currency will be paid for such securities.

(2) To guarantee securities in which it has invested for the purpose of facilitating the sale of such securities.

(3) To borrow the currency of any member with the approval of that member; and

(4) After consultation with the International Monetary Fund, to buy and sell gold and the currencies of members whenever such transactions are necessary in connection with the

7/13/44 Art. IV
Sec. 8

(p. 26b)

operations of the Bank, provided that, with respect to each transaction, except any transaction undertaken to pay creditors, the Bank shall obtain the approval of the member in which the transaction takes place and the member whose currency is disposed of by the Bank.

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

7/13/44 Art. IV
Sec. 8

Document 366

(p. 27a) SA/3/20

ARTICLE IV (9)

(Accepted by Commission II, July 13)
(Substitute for Alternative A, P. 27)

SECTION 9. *Warning to be Placed on Securities.*

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

7/13/44 Art. IV Sec. 9

Document 367

(p. 28a) SA/3/21

ARTICLE IV (10)

(Accepted by Commission II, July 13)
(Substitute for Alternative A, p. 28)

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 its decisions by the political character of the government 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.

7/13/44 Art. IV Sec. 10

Document 368

(p. 37a) SA/3/22

ARTICLE V (9)

(Accepted by Commission II, July 13, 1944)
(Substitute for Alternative A, p. 37)

SECTION 9. *Form of Holdings of Currency.*

The Bank shall accept from any member in place of any part of the member's currency, 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 a credit to the account of the Bank in the territory of that member. This provision shall apply not only to currency paid on subscriptions but also to any currency otherwise acquired by the Bank.

7/13/44

Art. V
Sec. 9

Document 370

CI/M/4

Minutes of Meeting of Commission I

International Monetary Fund

(*July* 13, 1944, 2:30 *p.m.*)

The Chairman stated that material on practically all sections of the draft Fund Agreement had been circulated, and that conclusions reached up to noon of July 12 had been incorporated in a draft circulated by the Drafting Committee.

The Chairman of the Drafting Committee, Mr. Rasminsky (Canada), presented its first report (Document 342), Annex I, Outline of Articles and Sections of Fund Agreement (Document 320), and Annex II, Articles of Agreement of the International Monetary Fund (Document 321). The Chairman called attention to the following changes to be made in Document 321:

Page 7, line 7 from the bottom, should be revised to read "or (ii) the foreign exchange value of a member's".

Page 24, lines 9 and 10 from the bottom, delete "in a manner which is contrary to the purposes of the Fund".

Page 27, line 3 from the top, insert after "Justice" the words "or such other authority as may have been prescribed by regulations adopted by the Board of Governors".

Page 28, section 2, lines 1 and 2, delete "this Agreement has been signed on behalf of" and insert after "Schedule A" (line 3) the words "have signed this Agreement and deposited the instrument referred to in Section 1 (d) above".

The Drafting Committee was given authority by the Commission to make changes in the interests of form and internal consistency.

Dr. Koo (China) presented the report of the *ad hoc* Committee on Exchange Controls on Current Payments (Document 329). A question was raised whether the wording of article IX, section 5, should be interpreted to prohibit exchange control if exchange was always made available for current account transactions. After discussion from the floor, the Chairman ruled that the wording would not exclude exchange controls but would be applicable if there were restrictions contrary to the provisions of the Fund. Another question was raised regarding the effect of this section on the convertibility of sterling acquired by a country whose international transactions are customarily carried out in sterling. It was indicated that the provision was applicable to such transactions and that sterling acquired as a result of current transactions will be freely convertible after the transition period.

An inquiry was made as to whether the wording of article IX, section 4, would apply in all cases when a member (p. 2) is no longer entitled to buy currencies, as, for example, when it has exhausted its annual or total quota. After a discussion of this point and of the wording on the exclusion of capital transfers from the provisions of this section, the matter was referred to a Special Committee on Unsettled Problems for Commission I. The Commission then approved article IX, section 5, and article IX, section 6, of the report by a voice vote.

Dr. de Souza Costa (Brazil) presented the report of the *ad hoc* Committee of Committee 3 on Executive Director and Voting Arrangements (Document 334). During the discussion of Alternatives J, E, and K (pp. 26j, 25h, and 26m), there was indication of continuing difference of opinion. It was agreed that a decision regarding executive directors could not be reached until quotas had been determined, and that a committee on quotas would be established.

Dr. Keilhau (Norway) presented the report of the *ad hoc* Committee of Commission I on Relations with Non-Member Countries (Document 311), concerning prevention of transactions by members with non-members which would be dangerous to the Fund. The Committee's recommendation for an additional section to be added to article IX was approved. Dr. Keilhau also called the attention of the Commission to a letter received by the Committee from the Danish Minister with regard to membership in the Fund. He suggested that the letter be referred to the Steering Committee with a recommendation for special consideration of facilitating the membership of Denmark. The Chairman referred the matter to the Steering Committee.

The reports of the standing Committees of Commission I were then considered. Mr. Varvaressos (Greece) discussed the report of Committee 1 on Purposes, Policies, and Quotas of the Fund (Document 343) and pointed out three unsettled questions which the Committee wished to put before the Commission. After a brief discussion the Chairman referred to the new Special Committee (1) the question of the date on which the holdings of gold should be established for the purpose of determining initial gold subscriptions, (2) the uniform maximum margin by which rates for transactions in currencies of members may differ from parity, and (3) the question with regard to the enforceability of exchange transactions outside the prescribed limits. The other recommendations of the report were taken as approved. The query with regard to the definition of gold-convertible exchange was also referred to the Special Committee with the suggestion that it might prove advisable to substitute the phrase "United States dollars". It was also proposed that the range by which rates may differ from parity be left to the discretion of the Fund.

Mr. Mossé (French Delegation), reporting for Committee 2 on Operations of the Fund (Document 333), indicated that there had been agreement on a waiver provision which included the main points in several of the Alternatives under article III, section 2, and that there had been agreement in the Committee on a re-wording.

(p. 3) In connection with article XIII, section 5, a question was raised with regard to the special dangers which would result from declaring an exchange rate to be provisional. It was indicated also that the agreement of the Committee went further than the statement in the report. The Commission agreed that these considerations could better be taken into account when a new wording as prepared by the Drafting Committee is under discussion.

A discussion of article III, section 10, on charges and commissions, was begun and will be resumed at the next meeting of the Commission.

749013 — 48 — 39

Document 370 (Correction)

CI/M/4
(Correction)

Correction to Minutes of Meeting of Commission I

International Monetary Fund

(*July* 13, 1944, 2:30 *p.m.*)

The last sentence of the fourth paragraph on page 1 of Document 370 should be changed to read: "It was indicated that the provision was applicable to such transactions and that currently acquired sterling will be freely convertible after the transition period."

Document 371

CII/MC/3

Working Paper for Drafting Committee of Commission II

Text of Provisions Recommended by *Ad Hoc* Committee 3-c of Commission II

(*July* 13, 1944)

Article VI

Doc. 245 Alt. A. p. 42 SECTION 1. *Right of Members to Withdraw*

Approved as written.

Alt. A. p. 43 SECTION 2. *Suspension of Membership*

A member country failing to meet any of its obligations to the Bank may be suspended from membership by decision of a majority of the governors, which shall include a majority of the aggregate votes. At the end of one year from the date of suspension, the country shall automatically cease to be a member of the Bank unless a majority of the member countries, voting in the same manner as for suspension, restores the country to good standing.

While under suspension, a country shall be denied all of the privileges of membership except the right of withdrawal, but shall be subject to all its obligations.

Alt. A. p. 44 SECTION 3. *Financial Assistance to be Withheld*

Approved as written.

Alt. A. p. 46, 46a

SECTION 5. *Settlement of Accounts with Countries Ceasing to be Members*

(Referred to Drafting Committee in Commission II meeting of July 11, but approved as written by Committee 3–c.)

Alt. A. p. 47

SECTION 6. *Assessments to Meet Losses*

Approved as written.

Alt. A. p. 48, 48a

SECTION 7. *Liquidation*

In an emergency, the Executive Committee by a majority vote, temporarily may suspend the operations of the Bank, pending an opportunity for further consideration and action by the Board.

The Bank may be voted into liquidation by a majority of the members which shall include a majority of the aggregate votes.

(p. 2) Upon being voted into liquidation, the Bank shall forthwith cease engaging in any activities except those incident to the orderly liquidation, conservation and preservation of its assets and the settlement of its obligations.

The liability of all member countries for uncalled subscriptions to the capital stock of the Bank and their guarantees with respect to the depreciations of their own currencies shall continue until all claims of creditors including all contingent claims shall have been discharged.

Upon liquidation, all creditors holding direct claims shall be paid immediately if the Bank has sufficient assets, and if the assets are not sufficient, the Executive Committee shall pay such creditors as soon as possible out of payments to the Bank or calls on subscriptions, but before making any payments to holders of direct claims, the Committee shall make such arrangements as are necessary, in its judgment, to insure a distribution to holders of contingent claims ratably with creditors holding direct claims.

No distribution shall be made to a member country on account of its capital subscription until all claims of creditors, including all contingent claims, have been discharged or have been provided for by the Executive Committee having made arrangements sufficient, in its judgment, to accomplish that purpose.

(Detailed provisions relating to method of distribution to shareholders will be supplied later on basis of principles provided for liquidating the International Monetary Fund.)

Document 372

CII/MC/4

Working Paper for Drafting Committee of Commission II

Text of Provisions Recommended by *Ad Hoc* Committee 3b of Commission II

(*July* 13, 1944)

Article V

Management

Doc. 245 Alt. A. rev. (p. 29)

SECTION 1. *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 country in such manner as it may determine. Governors and Alternates shall serve for five years, subject to the pleasure of the member appointing them, and may be reappointed. No alternate may vote except in the absence of his principal. The Board shall select a Chairman from its members.

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

(1) Admit new members and determine the conditions of their admission;

(2) Increase or decrease the capital stock;

(3) Require a member to withdraw;

(p. 29a) (4) Decide appeals against interpretations of the Agreement by the Executive Directors given on application by a member;

(5) Make agreements to cooperate with other international organizations, other than arrangements of a temporary or administrative character;

(6) Decide to liquidate the Bank;

(7) 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 Executive Directors whenever requested by five members or by members having one-quarter of the aggregate votes.

(p. 2)
Doc. 245
(p. 29a)

(d) In order to constitute a quorum for any meeting of the Board of Governors, there must be present a majority representing not less than one-half of the voting power of all the Governors.

(e) The Board may by regulation establish a procedure whereby the Executive Directors, when they deem such action to be in the best interest of the Bank, may obtain a vote of the Governors on a specific question in lieu of calling a meeting of the Board.

(p. 29a) (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 Fund.

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

Doc. 245
Alt. A.
rev.
(p. 31a)
(p. 31b)

SECTION 3.

(i) The Executive Directors shall select a President who shall not be a Governor or an Executive Director. 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. He shall, however, be eligible for election as Chairman of the Board of Governors. The President shall cease to hold office when the Executive Directors so desire.

(j) 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 staff.

(k) The President and the 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 member of the staff in the discharge of his duty.

Doc. 245 (l) In appointing the 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.

Document 374

CI/SC/1

Report of Special Committee of Commission I

(*July* 14, 1944)

The Special Committee of Commission I met on July 13-14, 1944 to consider items of the Fund Agreement on which recommendations had not been completed by other committees of the Commission. Present were: United States (Chairman), Belgium, Canada, China, Cuba, Czechoslovakia, French Delegation, Mexico, Netherlands, New Zealand, Union of Soviet Socialist Republics, and United Kingdom.

The recommendations of the Special Committee are:

1. *Foreign Exchange Dealings Based on Par Values.* (SA/1, Article IX, Section 3(a), p. 39; Drafting Committee Report: Article IX, Section 3)

(a) The Special Committee recommends that the substance of the following text be approved and referred to the Drafting Committee:

> SECTION 3(a) The maximum and minimum rates for exchange transactions in member countries in the currencies of members shall not differ in the case of spot transactions by more than one percent, from the official par values, and

in the case of other exchange transactions by more than a reasonable spread from the spot rates. The Fund shall be the judge of what constitutes a reasonable spread. No member shall use the resources of the Fund for the purpose of covering forward exchange transactions in the currency of any other member without the permission of the Fund.

(b) With regard to the language suggested in the Third Report of Committee 1 (Document 343, p. 3) on paragraph (c) of this section, the Committee recommends that the Drafting Committee be asked to reconcile the differences between this language and that of Alternative A to indicate that there is no intent of imposing criminal rather than civil penalties. The Drafting Committee is also requested to consider parallel stipulations for dealings with non-member countries.

2. *Uniform Changes in Par Value.* (SA/1, Article IV, Section 5, p. 18; Drafting Committee Report: Article IV, Section 8)

The Committee recommends the acceptance of Alternative A with an addition that any member not wishing to make a change in its par values may so notify the (p. 2) Fund within 72 hours and be relieved of an obligation to alter its par value. The Mexican Delegate has indicated, however, that he will present his views on this item to the Commission.

3. *Charges and Commissions.* (SA/1, Article III, Section 10, p. 13; Drafting Committee Report: Article V, Section 8)

The Committee recommends the adoption of Combined Alternatives A and B as amended by Alternative C.

4. *Multilateral International Clearing.* (SA/1, Article III, Section 6, p. 9; Drafting Committee Report: Article VIII, Section 3)

The Committee recommends the adoption of the text of Article IX, Section 4, as reported to the Commission on July 13 by the *Ad Hoc* Committee on Exchange Controls in Current Payments (Document 329). The Committee interprets the last phrase of this Article as applying to all circumstances in which a member may be unable to use the facilities of the Fund. There was some discussion as to whether capital transfers of reasonable amount required for the expansion of exports or in the ordinary course of trade, banking, or other business should be included in the convertible obligation. The majority of the Committee felt that the present text was proper.

5. *Other Acquisitions of Gold by the Fund.* (SA/1, Article III, Section 8, p. 11; Drafting Committee Report: Article V, Section 7)

Alternative A (page 10) was approved. Agreement in principle was reached on the substance of the following language and it was left to the drafting committee to prepare a text which would clearly set forth the principles governing the repurchase of currency from the Fund:

(a) If, at the end of the Fund's financial year, a member's monetary reserves exceed its quota, and the Fund's holdings of its currency have increased during the year, the Fund shall require that it use a part of these reserves to repurchase its currency with gold or with convertible currency as appropriate, up to the point when its reserves have fallen by an amount not more than the amount by which, after this adjustment, the Fund's holdings of its currency have increased. Furthermore, if, after this adjustment (if called for) has been made, a member's monetary reserves have increased during the year, the Fund shall require it, whether or not the Fund's holdings of its currency have increased during the year, (p. 3) to use half of this increase for a further re-purchase of its currency with gold or with convertible currency as appropriate; provided, always, that after these adjustments have been made its reserves do not stand below its quota nor the Fund's holdings of the currency below 75 percent of its quota.

(To replace part (b) of III, 9 and to be shifted to III-8)

(b) If a member country increases its holdings of another member's currency, or acquires gold from another member otherwise than as a result of transactions with that member, the Fund at the request of the latter member may require the gold or the increase of currency to be offered to the Fund.

The Fund shall not require a member to repurchase its currency with a convertible currency of which the Fund's holdings would be in excess of the Fund's holdings of the member's currency after the above adjustments.

The Delegate of the Union of Soviet Socialist Republics reserved his position on the principle involved in this section.

6. *Furnishing of Information.* (SA/1, Article III, Section 11, p. 14c; Drafting Committee Report: Article VIII, Section 5)

(a) The Committee recommends the approval of Alternative C (p. 14c) with the transposition of the portion beginning with the second sentence of the section and ending with the words "to avoid mere estimates so far as possible" to the end of the section.

(b) The Committee also recommends the adoption of the additional language recommended in Document 345, which reads as follows:

> The Fund may arrange to obtain further information by agreement with members. It shall act as a central point 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.

7. *Transitional Arrangements.* (SA/1, Article X; Drafting Committee Report: Article XIII)

The Committee recommends the adoption of Alternative A (pages 44a and 44b), with the addition of the following at the end of Section 2: "Nothing in this Agreement shall be deemed to prevent a member imposing any restrictions on payments or transfers to non-members unless the Fund finds that such restrictions have adversely affected the interests of members".

(p. 4) The Netherlands delegation wishes to record its understanding that the first paragraph of Section 1 does not prevent the use of the resources of the Fund for the financing of the imported commodities which might be considered as relief goods, but that the sole meaning of this clause is to prevent the use of the resources of the Fund in a quasi-permanent way for the financing of relief or of any other imports.

8. *Voting.* (SA/1, Article VII, Section 3, p. 26; Drafting Committee Report: Article XI, Section 5)

The first and last paragraphs of Alternative A (p. 26) have already been approved by other committees. The Special Committee recommends the adoption of the second paragraph of this Section with the change of the figure "200,000 United States dollars" to "400,000 United States dollars".

9. *Liquidation.* (SA/1, Article VIII, Section 4, p. 37; Drafting Committee Report, Article XV)

The Committee considered Alternatives A and C and approved a new formula relating to the distribution of the assets of the Fund. The principle of this formula was accepted and a new draft is to be prepared for submission.

10. *Settlement of Accounts.* (SA/1, Article VIII, Section 3, p. 36; Drafting Committee Report, Article XIV, Section 3)

The Committee recommends the adoption of Alternative A (pp. 36 and 36a) subject to minor drafting changes, which are referred to the Drafting Committee.

11. *Initial Determination of Par Values.* (SA/1, Article XIII,

Section 5, p. 50; Drafting Committee Report: Article XIX, Section 4)

The Committee recommends the adoption of Alternative B (Document 347, pp. 50c to 50e), together with the amendment reported in Document 351, subject to revision to indicate that paragraph (b) applies to appreciation as well as depreciation of currencies and to paragraphs E and F to avoid the use of the term "provisional initial rate of exchange".

12. *Subscriptions*: *Time of Payment.* (SA/1, Article II, Section 5, p. 4; Drafting Committee Report: Article III, Section 3)

In Alternative A, Section 5, (p. 4) the date on which the holdings of gold and gold-convertible exchange of members should be established for the purposes of determination of initial payments was left blank. The Committee recommends that this date should be the date of entry into force of the Agreement.

13. *Definitions.* (SA/1, Article XII, Section 2, p. 47; Drafting Committee Report: Article XVIII)

The Committee received two drafts of proposed definition and referred them to a drafting subcommittee.

Document 376

(p. 37d) SA/1/63

Alternative D

(a) The Fund may not be liquidated except after a decision taken by a majority of the aggregate votes in the Board of Governors. In an emergency, if the Executive Directors decide that liquidation of the Fund may be necessary, they may by a majority vote temporarily suspend all transactions of the Fund, pending an opportunity for further consideration and action by the Board of Governors.

(b) If a decision to liquidate the Fund is carried, the Fund shall forthwith cease to engage in any activities except those incident to an orderly liquidation of its assets and the settlement of its liabilities.

(c) The liabilities of the Fund, other than the repayment of quotas, shall have priority in the distribution of the assets of the Fund. In meeting each such liability the Fund shall use its holdings of the currency in which the liability is due. If these holdings are insufficient, it shall use its gold. If this is insufficient to complete the payment, it shall draw on the currencies held by the Fund as far as possible in proportion to the quotas of the members.

(d) The net assets of the Fund available after the discharge of the above liabilities shall be distributed as follows:

(i) The Fund shall distribute its holdings of gold among the countries whose currencies the Fund holds in amounts less than their quotas in proportion to the amounts by which the quotas exceed the Fund's holdings of those currencies.

(ii) The Fund shall distribute to each member one-half of the Fund's holdings of the currency of that member but not to exceed 50 percent of the quota of the member.

(iii) The remainder of the Fund's holdings of the currency of each member shall be divided among all the members in proportion to the amounts still due to them.

7/14/44

J.S. Art. VIII
Additional Section

(p. 37e) (e) Each member shall redeem its own currency held by other members as a result of the liquidation of the Fund. Each member shall agree with the Fund upon an orderly procedure for the redemption of its currency, and pending such agreement the Fund may withhold distribution of the member's share of the division of the Fund's holdings of currencies in accordance with (d) (iii) above, and it may apply such share to the redemption of the member's currency on an equitable basis. The Fund shall immediately apply the currencies apportioned to each member whose share is not withheld under the preceding sentence, in redeeming the currency of that member divided among other members.

(f) Currencies held by members as a result of this division after the redemption undertaken in accordance with (e) above, shall be redeemed in gold or in the currency of the country requesting redemption, or in such other manner as may be agreed by the members. If the members involved do not otherwise agree, redemption shall be made within five years but shall not be effected at a rate in any semi-annual period greater than one-tenth of the amount distributed to any other member. If the member fails to redeem its currency in this manner, the currency may be disposed of in any market at the same rate in an orderly manner. Each member who is under an obligation to redeem its currency under this paragraph, unconditionally guarantees at all times the unrestricted use of such currency for the purchase of goods or for the payment of other sums due to it or to its nationals. Further, each member agrees to make good any loss resulting from the exchange depreciation of its currency until it has been used or redeemed.

7/14/44 J.S. Art. VIII
Additional Section

Document 377 (363)

(p. 2f corrected) SA/3/23

Article I

Purposes of the Bank

(Accepted by Commission II, July 13)
(Substitute for Alternatives A to G, pp. 2 to 2c)
[Note: This is a corrected issue of Doc. #363]

The Purposes of the Bank are:

1. To assist in the reconstruction and development of member countries 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.
2. 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 financing by providing capital for productive purposes out of its own resources on suitable conditions.
3. 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 member countries, thereby assisting in raising productivity, the standard of living and conditions of labor in member countries.
4. To coordinate loans made or guaranteed by it with international loans through other channels so that the more useful and urgent projects, large and small alike, will be dealt with first.
5. To conduct its operations with due regard to the effect of international investment on business conditions in member

countries 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.

7/14/44 Art. 1

Document 378

(p. 52b) SA/3/24

ARTICLE VII

Alternative B

SECTION 4. *Restrictions on Taxation of the Bank, its Employees and Obligations*

(a) The Bank, its assets, property, income and its Operations and transactions authorized by this Agreement shall be exempt and immune from all taxation and from all customs duties. The Bank shall also be exempt and 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 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 Bank.

(d) Each member shall take 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. Each member shall inform the Bank of the detailed action which it has taken to grant the status, immunities, and privileges provided for in this Article.

7/14/44 Article VII
Sec. 4
Alt. B

Document 380

C11/4/AH/RP2

Supplemental Report of Ad Hoc Subcommittee A of Committee 4 of Commission II

July 13—11:30 *a.m.*

SUGGESTED AMENDMENT TO ALTERNATIVE A, ART. VII, SECT. 4, PAGE 52

A meeting of the *Ad Hoc* Subcommittee A of Committee 4 of Commission II was held on July 13, at 11:30 a.m., at which representatives from the following countries attended: Cuba, India, Poland, United Kingdom and the United States. The Chairman was Sir Chintaman D. Deshmukh of India.

The meeting considered the question of Immunities from Taxation, which had been held over pending receipt of report of the Drafting Committee of Commission I (Document #321), dealing with similar provisions for the Fund.

The Subcommittee agreed that the provisions in Sections 10 and 11 of this document were applicable to the Bank. Consequently, the Subcommittee approved amending Section 4, page 52 of Document #245 to read as follows:

(a) The Bank, its assets, property, income and its operations and transactions authorized by this Agreement shall be exempt and immune from all taxation and from all customs duties. The Bank shall also be exempt and 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 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 of place of business maintained by the Bank.

(d) Each member shall take 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. Each member shall inform the Bank of the detailed action which it has taken to grant the status, immunities, and privileges provided for in this Article.

Document 381

CII/M/3

Minutes of Meeting of Commission II

Bank for Reconstruction and Development

(*July* 13, 1944, 5 *p.m.*)

At its third meeting, July 13, 5 p.m., the Commission received the report of the Drafting Committee (Document 340) on the subjects referred to it at the previous meeting. The report was accepted by the Commission with the following changes: Article I (1) was amended to refer to "economies *destroyed or* disrupted by war"; and I (4) to refer to "urgent projects, *large and small alike*". In addition, article V, section 13 (p. 41), on miscellaneous powers of the Bank was referred back to the Drafting Committee since it contained provisions which properly belonged in another part of the document.

The Commission then proceeded to hear reports from the *ad hoc* committees appointed by Committees 1, 2, 3, and 4. The recommendation of Committee 1a (Document 330) with regard to accepting article II, section 1 (Alternative A), on Countries Eligible for Membership (p. 3), was approved. The question of cessation of membership in the Fund affecting membership in the Bank, article VI, section 4 (p. 45), was left for further consideration. The Commission approved the principle that, if a country ceased to be a member of the Fund it should cease to be a member of the Bank, unless the Bank voted that its membership be continued. Committee 1a recommended a simple majority of the aggregate votes in such cases but wished to reserve the right to bring up the subject again. In view of the fact, however, that the terms of withdrawal for members are under consideration in Committee 3c, this Committee was asked to make recommendations on what percentage of aggregate votes should be required.

The report of Committee 1b (Document 331) was accepted as presented. One item of the Committee's assignment, article II, section 5, Alternative C (p. 7a), was reserved by the Committee until the report of the Committee on Liberated Areas of Commission I has been made.

The Chairman of Committee 2 reported (Documents 336 and 337) that the following sections assigned to Committees 2a and 2b had been referred to an *ad hoc* subcommittee for further consideration: Article III, section 3 (p. 14); article III, section 4 (pp. 15-15f); article IV, section 4 (pp. 22-22e); article IV, section 6 (pp. 24-24a). In addition, article III, section 5 (p. 17), and article IV, sections 2 (pp. 20-20a) and 7 (pp. 25-25a), were referred to a small drafting subcommittee for further consideration.

The wording in the preamble to article III, section 4, proposed by Committee 2a (Document 337) was discussed at length with reference to the inclusion of "agricultural enterprises". Because of dissent from the view that this term should be understood to include "agricultural cooperatives and credit institutions" (and because this interpretation was likewise included in the report presented by Committee 3a on relations with international agencies) it was decided to refer this subject to a second *ad hoc* committee to be appointed by the Chairman of Committee 2, which would meet with representatives of interested international organizations.

(p. 2) After considerable discussion, article III, section 4 (1) (Document 337), was referred back to Committee 2 for further consideration, especially with reference to whether the guaranteeing function should be confined to member governments or whether central banks and other governmental agencies should also be empowered to make guarantees.

Article III, 4 (2), (3), and (5), and article III, 6 (Document 337), were approved as recommended by the Committee.

The report of Committee 3a (Document 354) was accepted as follows: Article III, 2 (Alternative B), "Agencies Dealing with the Bank", was accepted as amended, with the understanding that this was not intended to mean that the Bank would do an ordinary banking business for such international organizations but referred rather to possible projects overlapping national borders, where some international authority might be dealt with.

The Committee's recommendation was accepted that article V, 1 (b) (5) (p. 29), be amended so that the Executive Directors would be empowered to make temporary or administrative agreements with other international organizations (which had not been provided for elsewhere in the agreement), and the Secretary was instructed to communicate this point to the Secretary of Commission I.

The Committee reported reference to a drafting subcommittee of article V, 6 (p. 34), and Alternative F (2) of article III, 4 (p. 15c), regarding consultation on certain loans with specialized international organizations. Since the intent of the Committee's recommendation was clear, the Commission instructed the Drafting Committee to receive the report of the special drafting committee direct.

As noted above, the Committee's interpretation of the term "agricultural enterprises" in the preamble of article III, 4, was referred to an *ad hoc* subcommittee of Committee 2a.

Article III, section 4, Alternative G (p. 15d), on loans to international organizations, which had been reserved for further consideration by the Committee, was rejected by the Commission.

The Committee's recommendations with regard to article V, 4, were passed over by the Commission as having been properly referred to Committee 3b. The Commission also took note of the Committee's view regarding the possibility of establishing an international banking agency for the benefit of international organizations.

The items which are noted above as approved in substance will be referred to the Drafting Committee and will, after consideration, be referred by them to the Commission for final approval.

Document 384

CII/MC/5

Working Paper for Drafting Committee of Commission II

Text of Provisions Recommended by *Ad Hoc* Committee 3b of Commission II

July 14, 1944

Article V

Doc. 245 Alt. A. p. 32

SECTION 4. *Advisory Council*

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

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

Alt. A. p. 33

SECTION 5. *Loan Committees*

The committees required to report on loans under Article III, Section 4, shall be appointed by the Bank, except that each such committee shall include an expert selected by the Governor representing the member in which the project is located. The committee may include members of the technical staff of the Bank.

Alt. A. p. 35

SECTION 7. *Location of Offices*

(Alt. A approved as written, subject to decision in Commission II as to substance.)

Alt. 2. p. 36

SECTION 8. *Depositories*

Subsection (a). (Approved as written.)

Alt. A. p. 39

SECTION 11. *Publication of Reports*

The Bank shall publish an annual report containing an audited statement of its accounts and shall issue at (p. 2) 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.

The Bank may publish such other reports as it deems desirable for carrying out its purposes and policies.

Copies of all reports, statements and publications issued under this section shall be regularly distributed to member countries.

Alt. A. p. 40

SECTION 12. *Allocation of Income*

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

If any part is distributed, two per cent non-cumulative shall be paid, as a first charge against the distribution for any year, to each member on the basis of the amount by which at the end of the fiscal year the amount paid on the par value of its shares exceeds the amount of its currency held by the Bank; and the balance to all members in proportion to their shares. Payments to each member shall be made in its own currency.

Document 385

CII/AH/RP4

Commission II: Report of Committee 3-b

Meeting of July 14, 1944

Present:	Belgium	The Netherlands
	Brazil	Norway
	Canada	Peru
	Colombia	Union of South Africa
	China	U.S.S.R.
	Cuba	U.K.
	French Delegation	U.S.A.
Chairman:	Miguel Lopez Pumarejo (Colombia)	
Reporting Delegate:	M. H. de Kock (Union of South Africa)	
Secretary:	Mordecai Ezekiel	
Assignment:	Pages 29-40, excluding 34, 37, and 39.	

The Committee met at 9:40 a.m., with all members present. Action was taken on sections as follows:

Section 4, *page* 32—*Advisory Council.* The draft recommended by Committee 3a was discussed and approved with minor amendments to read:

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

"Councillors shall serve for two years and may be reappointed. They shall be paid their reasonable expenses incurred in behalf of the Bank."

Section 5, *page* 33—*Loan Committees.* On discussion, it was felt unwise to require that a majority of the committee should be from the bank staff, and the following language was recommended: "The committee required to report on loans under Article 3, Section 4 shall be appointed by the Bank except that such committee shall include an expert selected by the Governor representing the member in which the project is located. The committee may include members of the technical staff of the Bank."

Section 7, *page* 35—*Location of Offices.* A majority of the members of the committee favored the provisions of Alternative A, providing definitely for the location of offices in the territory of the largest stockholders. Two members, (p. 2) however, favored Alternative B. Alternative B leaves the decision on location to the first meeting of the Board of Governors. The argument was advanced that this is an operating matter not appropriate to decision by this present conference of experts. The committee therefore reports the matter in disagreement.

Section 8, *page* 36—*Depositories.* Subsection (a) was approved with slight verbal changes to be consistent with the Fund language. Subsection (b) was deferred until final Fund language is available for comparison.

Section 10, *page* 38—*Protection of Assets.* Final action on this section was deferred until the final Fund language is available. After a discussion of whether a gold clause should be included in this section, a special subcommittee was set up to examine this problem.

Section 11, *page* 39—*Publication of Reports.* Although this section had already been referred direct to the Drafting Committee, the *ad hoc* committee on scanning it felt that some addition was needed to adapt it to requirements of the Bank. It therefore recommends to the Commission that the language previously passed be modified by adding the following paragraph at the end of the section:

"Copies of all reports, statements, and publications issued under this section shall be regularly distributed to member countries."

Section 12, *page* 40—*Allocation of Income.* This section was modified to place responsibility in the Board of Governors, and to substitute "all" members for "the" members in the third line for the end, and approved as amended.

APPENDIX I

COMMITTEE 3 OF COMMISSION II

Subcommittee 3b.

Resume of Actions at Meetings through July 14, 1944

Article V, Section 1, Alt. A, pp. 29, 29a	Accepted with revisions to agree with Fund language.
Article V, Section 2, Alt. A, p. 30	Deferred, pending decision on Fund language.
Article V, Section 3, a-h, Alt. A, pp. 31, 31a	Deferred, pending decision on Fund language.
Article V, Section 3, i-l, Alt. A., pp. 31a, 31b	Accepted with revision to agree with Fund language.
Article V, Section 3, m and remainder, Alt. A, pp. 31c, 31d	Deferred, pending decision on Fund language.
Article V, Section 4, Alt. A., p. 32	Accepted, after amendments.
Article V, Section 5, Alt. A., p. 33	Accepted, after amendment.
Article V, Section 7, Alt. A., p. 35	Accepted by majority, subject to disagreement being reported to Commission II.
Article V, Section 8a, Alt., A, p. 36	Accepted.
Article V, Section 8b, Alt. A, p. 36	Deferred, pending decision on Fund language.
Article V, Section 10, Alt. A, p. 38	Deferred, pending report of Special Subcommittee.
Article V, Section 11, Alt. A, p. 39	Agreed to recommend to Commission addition to provide distribution of reports to members.
Article V, Section 12, Alt. A, p. 40	Accepted, after amendment.

Document 387

CII/RP1

Commission II

The Secretariat has prepared the following summary of the status of the document:

	In Committee	*Approved by*
Art. I		Commission
Art. II, Sections 1-6, inclusive.		Drafting Committee
Section 7		Commission
" 8		Commission
" 9		Drafting Committee

	In Committee	*Approved by*
Art. III, Section 1		Commission
" 2		Drafting Committee
" 3	Committee 2	
" 4,		
Preamble	Committee 2	
(1)	Committee 2	
(2)		Drafting Committee
(3)		Drafting Committee
(4)	Committee 2	
(5)		Drafting Committee
Section 5	Committee 2	
Section 6		Drafting Committee
Art. IV, Section 1		Drafting Committee
" 2	Committee 2	
" 3		Drafting Committee
" 4	Committee 2	
" 5		Commission
" 6	Committee 2	
" 7	Committee 2	
" 8		Commission
" 9		Commission
" 10		Commission
Art. V, Sections 1-5, inclusive.	Committee 3	
Section 6—to be discussed in Commission.		
Section 7	Committee 3	
" 8	Committee 3	
" 9		Commission
" 10	Committee 3	
" 11		Commission
" 12	Committee 3	
" 13—Included in Article VII.		
Art. VI	Committee 3	
Art. VII, Section 1		Drafting Committee
" 2		Drafting Committee
" 3	Committee 4	
" 4	Committee 4	
Art. VIII		Drafting Committee
Art. IX, Section 1		Drafting Committee
" 2—To be drafted.		
" 3		Drafting Committee
Art. X—To be drafted.		

Document 388

(p. 71)

JOURNAL

UNITED NATIONS
MONETARY AND FINANCIAL CONFERENCE

No. 15 Bretton Woods, New Hampshire July 15, 1944

ORDER OF THE DAY

Meetings for Saturday, July 15

9:30 a.m.	Special Committee of Commission I......	Room A
9:30 a.m.	*Ad Hoc* Committee 3B of Commission II..	Auditorium
9:30 a.m.	*Ad Hoc* Committee 3C of Commission II..	The Hemicycle
10 a.m.	Quota Committee of Commission I............	Room W-1
10 a.m.	*Ad Hoc* Subcommittee of Committee 2 .. of Commission II	Room B
10 a.m.	Drafting Committee of Commission II....	Auditorium
11:30 a.m.	Commission I	Auditorium
4 p.m.	Commission II	Auditorium

(p. 72)

Résumé of Meeting of Commission I

International Monetary Fund

(*July* 14, 10 *a.m.*)

At its fifth meeting at 10 a.m. on July 14, Commission I considered the report of the Drafting Committee (Document 321) and the report of the Special Committee on Unsettled Problems (Document 374). The Commission accepted article I (with the exception of paragraph (b), which was referred to the Special Committee for redrafting); article II; article III (except section 1 on Quotas); article IV, V, VI, VII, VIII, IX, and X; article XI (except section 3 on Executive Directors); and articles XIII, XIV, XVII. A few minor changes in drafting were suggested in articles IV, V, and VIII. A section on the inviolability of the archives of the Fund is to be added to article IX. Discussion of XII, XV, XVI, XVIII, and XIX was deferred until the next meeting.

(The minutes of this meeting are being distributed separately as document no. 393.)

Notice Regarding Meeting of Commission II

The following documents will be considered at the meeting of Commission II at 4 p.m. today:

1. Document	360	Second Report of Drafting Committee
2. "	358	Sections of SA/3 Dealt With in Second Report
3. "	389	Third Report of Drafting Committee
4. "	*	Fourth Report of Drafting Committee
5. "	*	Report of Special *Ad Hoc* Committee of Committees 2A and 2B
6. "	385	Report of Committee 3B
7. "	338	Report of Committee 3C

Document 387, which shows the present status of SA/3, is being distributed this morning.

---

*Document number not yet issued; report will be distributed during the day.

(p. 73)

List of Documents Issued as of July 14, 1944

Subject	*Symbol*	*Doc. No.*
Additional Page to SA/3 — New Article VIII (p. 53a)	SA/3/15	357
Additional Page to SA/3 — New Article IX, Sec. 1 (p. 54a)	SA/3/16	358
Additional Page to SA/3 — New Article VII (pp. 49a — 52a)	SA/3/17	359
Second Report of Drafting Committee, Commission II	CII/DC/RP2	360
Journal No. 14	J/14	361
Statement by Polish Minister Before Commission II, July 13	DP/24	362
Additional Page to SA/3—Article I, Accepted by Commission II, July 13, (Substitute for Alternatives A—G, pp. 2—2c) (p. 2f) [Corrected by Doc. 377]	SA/3/17	363
Additional Page to SA/3—Article III (1) — Accepted by Commission II, July 13 (Substitute for Alternatives A, B, and C, pp. 12 and 12a) (p. 12b)	SA/3/18	364
Additional Page to SA/3 — Article IV(8) — Accepted by Commission II, July 13 (Substitute for Alternative A — p. 26) (p. 26a)	SA/3/19	365
Additional Page to SA/3 — Article IV(9) — Accepted by Commission II, July 13 (Substitute for Alternative A — p. 27) (p. 27a)	SA/3/20	366
Additional Page to SA/3 — Article IV(10) — Accepted by Commission II, July 13 (Substitute for Alternative A — p. 28) (p. 28a)	SA/3/21	367
Additional Page to SA/3—Article V(9) (Substitute for Alternative A—p. 37) (p. 37a)	SA/3/22	368
Order of the Day, July 14	GD/38	369
Minutes of Meeting of Commission I, July 13	CI/M/4	370

Subject	*Symbol*	*Doc. No.*
Working Paper for Drafting Committee of Commission II — Text of Provisions Recommended by *Ad Hoc* Subcommittee 3c, July 13	CII/MC/3	371
(p. 74)		
Working Paper for Drafting Committee of Commission II — Text of Provisions Recommended by *Ad Hoc* Subcommittee 3b	CII/MC/4	372
(Cancelled)		373
Report of Special Committee of Commission I, July 14	CI/SC/1	374
News Bulletin No. 18		375
Additional Pages to SA/1 — Alternative D, Article VIII, (pp. 37d and 37e)	SA/1/63	376
Additional Page to SA/3 — Article I (Document 363 corrected) (p. 2f corrected)	SA/3/23	377(363)
Additional Page to SA/3 — Article VII, Alternative B (p. 52b)	SA/3/24	378
Supplemental Report of *Ad Hoc* Subcommittee A of Committee 4 of Commission II, July 13, 11:30 a.m.	CII/4/AH/RP2	380
Minutes of Meeting of Commission II, July 13, 5 p.m.	CII/M/3	381
News Bulletin No. 19		382
Press Release No. 31 — Statement by Indian Delegation	PR/31	383
Working Paper of *Ad Hoc* Committee 3b for Commission II, Text of Provisions Recommended July 14	CII/MC/5	384
Report of *Ad Hoc* Subcommittee 3b to Commission II, Meeting of July 14, and Appendix I, Résumé of Action at Meetings through July 14	CII/AH/RP4	385

Document 389

CII/DC/RP3

July 14, 1944

Commission II: Third Report of Drafting Committee

The Drafting Committee met at 8:30 p.m. on July 13th and considered the matters referred to it arising out of the reports submitted at the Commission meeting on the same day. The Committee took the following action:

(1) Document #340, First Report of the Drafting Committee. Article V, Section 13, should be omitted, since its provisions have been included elsewhere in SA/3.

(2) Document #330, Report of *Ad Hoc* Committee 1a.
   (a) Article II, Section 1 (page 3 of SA/3) was approved.
   (b) Article VI, Section 4 (page 45 of SA/3) was drafted to read as follows:
   Any member which ceases to be a member of the International Monetary Fund shall immediately cease to be a member of the Bank, unless the Bank by ———per cent of its aggregate votes favors its remaining as a member.
   In accordance with the instructions of the Commission, this draft was transmitted to *Ad Hoc* Committee 3c, which is to make recommendations as to the per cent to be required.

3) Document #331, Report of Subcommittee 1b.
   (a) Article II, Section 2 (page 4a, Doc. #331) approved.
   (b) Article II, Section 3 (page 5a, Doc. #331) approved.
   (c) Article II, Sections 4 and 5. These Sections will be dealt with in the fourth report of the Committee.
   (d) Article II, Section 6 (page 8b, Doc. #331) approved.

(4) Document #337, Report of *Ad Hoc* Committees 2a and 2b.
   (a) Article III, Section 4. The Drafting Committee had before it only subsections 2, 3, and 5.

July 14, 1944

(p. 2)

   Subsections 2 and 5 were approved and 3 was redrafted. These three subsections are contained on the attached sheet.
   (b) Article III, Section 6, (page 2, Doc. #337) approved.
   (c) Article IV, Section 1 (page 3, Doc. #337) approved.
   (d) Article IV, Section 3 (page 21 of SA/3) Alternative A, approved.

(5) Document #354, Report of *Ad Hoc* Committee 3a.
   (a) Article III, Section 2, Alternative A (page 13 of SA/3) approved as amended. (The amended Article is contained in the attached sheet.)
   (b) Article V, Section 6 (page 34 of SA/3) and point (2) of Alternative F (page 15c of SA/3). These Sections will be dealt with in the fourth report of the Committee.

(c) Article V, Section 1 (b) (5). The subcommittee's amended wording was essentially approved. This subsection therefore reads as follows:

Making agreements to cooperate with other international organizations, other than agreements of a temporary and administrative character.

The Committee recommends that its action on the foregoing matters be endorsed by the Commission.

July 14, 1944

Article III

SECTION 2. *Agencies Dealing with the Bank.*

Except as otherwise indicated in this Agreement, the Bank shall conduct its business only with or through the governments of the members, their central banks, stabilization funds, and other similar fiscal agencies, the International Monetary Fund, and other international agencies participated in primarily by members of the Bank.

SECTION 4. *Conditions on which Bank may Guarantee or Make Loans*

(2) The Bank is satisfied that in the prevailing market conditions the borrower would be unable otherwise to secure the funds under conditions which in the opinion of the Bank are reasonable for the borrower.

(3) A competent committee, after a careful study of the merits of the proposal, has submitted a written report recommending the project.

(5) In guaranteeing a loan made by other investors, the Bank receives compensation for its risk.

July 14, 1944

Document 391

CII/DC/RP4

Commission II: Fourth Report of Drafting Committee

(*July* 15, 1944, 10 *a.m.*)

At a meeting held this morning at 10:00 a.m. the Drafting Committee completed consideration of matters deferred in paragraphs 3 (c) and 5 (b) of its third report. These matters were disposed of as follows:

(a) Article II, Sections 4 and 5 (pages 6b and 7b, Doc. #331)

The Drafting Committee felt that the meaning of these sections, while evident on close examination, was capable of clarification. It therefore redrafted the alternative sections 4 and 5 shown on the attached sheet.

(b) Article V, Section 6 (page 34 of SA/3) and point 2 of Alternative F (page 15c of SA/)
The Drafting Committee was instructed to consider a suggestion to be communicated to it by a subcommittee of Committee 3A. This Committee submitted to the Drafting Committee a paragraph to be inserted as an addition to Article V, Section 6 (page 34 of SA/3) which reads as follows:

> To the greatest extent possible, any specialized public international organization participated in primarily by members of the Bank shall be given an opportunity to examine applications for loans or for guarantees of loans for projects involving matters directly within its competence. In making final decisions on such applications the Bank shall give consideration to any recommendations made by such international organizations.

Since this wording was not considered before the Commission, the Drafting Committee prepared an alternative paragraph which reads as follows:

> 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 paragraph and participated in primarily by members of the Bank, the Bank should give consideration to the policies, views and recommendations[1] of such organization.

(p. 2)

Article II

(Refer to pages 6b and 7b of document 331)

SECTION 4. *Division and Calls of Subscribed Capital*

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

(a) twenty per cent shall be callable by the Bank as needed for its operations;

(b) the remaining eighty per cent shall be callable by the

[1] Either the word "policies" or the words "views and recommendations" is to be deleted.

Bank only when required to implement obligations of the Bank created under IV 1(b) and (c) below.

Calls on unpaid subscriptions shall be uniform on all shares.

SECTION 5. *Payments of Subscribed Capital*

(a) Payments due in gold and local currency.

(i) Of the amounts payable under II 4(a) twenty per cent shall be payable in gold, but if the Bank is satisfied that in the circumstances of a member a lower proportion is appropriate, the proportion of gold may be less than twenty per cent provided that this proportion shall in no case be less than ten per cent. The remainder may be paid in the local currency of the member.

(ii) Payments under II 4(b) shall at the option of the member be made either in gold or in the currency required to implement the obligations with respect to which a call is made.

(b) Time of Payment.

In respect of the amount callable under II 4(a);

(i) two percent of the subscription of each member country shall be paid in gold or U. S. dollars within 60 days after the date set for the operation of the Bank;

(ii) the remaining eighteen per cent shall be paid in maximum amounts of five per cent in any three months period as needed for any of its operations provided that not less than ten per cent in the aggregate shall be called within one year.

Document 393

CI/M/5

Minutes of Meeting of Commission I

INTERNATIONAL MONETARY FUND

(*July* 14, 1944, 10 *a.m.*)

At its fifth meeting, July 14, 10 a.m., the Commission proceeded to a consideration of the report of the Drafting Committee (Document 321) and the report of the Special Committee on Unsettled Problems (Document 374).

Paragraph (b) of article I (Document 321) was referred to the Special Committee on Unsettled Problems for redrafting.

The Commission accepted the remainder of article I as presented by the Drafting Committee.

Article II, Membership, was accepted as presented by the Drafting Committee.

In the discussion of article III, section 3b (p. 3), it was agreed that the word "net" would be inserted before "official" and "United States dollars" would be substituted for "gold convertible exchange" and that a definition of "net" would be included in the definitions. It was also agreed that the time of the establishment of holdings of gold and dollars should be the date of entry into force of the Agreement, as recommended by the Special Committee (item 12, p. 4, Document 374). In response to a query from the Delegate from Czechoslovakia, it was agreed that later suggestions from the *ad hoc* Committee on Liberated Countries would not be precluded by acceptance of this section. The substance of article III was then accepted, with the exception of section 1 on quotas.

In the discussion of article IV a question was raised concerning the application of section 3(c) (Document 343, p. 3), which was referred to the Drafting Committee for clarification. Opposition was voiced to the voting provisions on uniform changes in par values (section 8). Motions on referring this question to the Special Committee on Unsettled Problems and to the *ad hoc* Committee on Uniform Changes in Par Value were defeated. The article as presented by the Drafting Committee (Document 321) and the Special Committee (Document 374, items 1 and 2, pp. 1 and 2) was approved.

Article V was approved as presented by the Drafting Committee with the addition of items 3 and 5 of the report of the Special Committee (p. 3, Document 374). The Union of Soviet Socialist Republics and Greece noted reservations pending opportunity to examine the exact text of section 7, which is to be redrafted.

Article VI, Capital Transfers (p. 11, Document 321) and article VII, Scarce Currencies (p. 12, Document 321) were accepted as presented by the Drafting Committee.

(p. 2) Article VIII, General Obligations of Members, was adopted as presented by the Drafting Committee, with the inclusion of section 2, Exchange Controls on Current Payments, and section 3, Multilateral Clearing, as reworded (see wording in Document 329 and recommendation in Document 374).

Article IX was accepted as presented by the Drafting Committee, with the addition of a new section providing that the archives of the Fund shall be inviolable.

Article X was accepted as presented by the Drafting Committee.

Article XI, except section 3, Executive Directors, was approved as presented by the Drafting Committee, with the addition of item 8 of the report of the Special Committee (p. 4, Document 374).

Consideration of article XII was deferred pending the submission of section 1, Location of Offices.

Article XIII was accepted as presented by the Special Committee (item 7, p. 3, Document 374).

Article XIV, sections 1 and 2, were accepted as presented by the Drafting Committee and section 3 as recommended by the Special Committee (item 10, p. 4, Document 374).

Consideration of article XV was deferred pending distribution of a new draft.

Consideration of article XVI was deferred.

Article XVII was accepted as presented by the Drafting Committee.

Consideration of article XVIII was postponed pending the distribution of its text.

Consideration of article XIX was deferred.

Document 394

CII/AH/RP5

Report of Ad Hoc Committee II of Commission II

July 15, 1944

On July 14, a special subcommittee of the *Ad Hoc* Committee met to consider the question of Agricultural Loans referred to it by the Commission at its meeting of July 13. The *Ad Hoc* Committee subsequently held regular sessions to consider those sections of Articles III and IV which had been referred to it.

The observer of the United Nations Interim Commission on Food and Agriculture, Mr. Twentyman, appeared before the Committee and the problems presented by the Interim Commission were given consideration by the Committee. To make its position clear the Committee adopted paragraph 6 of Article III, Section 4 (Appendix, page 15g) of this report.

The Committee recommends to the Commission that in the future the reports of subcommittees avoid interpretive qualifications of text submitted, and suggests that only text reported and adopted shall be regarded as authoritative.

The Drafting Committee of the Commission has presented its draft of Paragraphs 2, 3, and 5 of Article III, Section 4. The first and fourth paragraphs of this section had been referred back to the Committee for revisions. A complete draft of the entire section as reported by the Drafting Committee and approved by *Ad Hoc* Committee II is given in this report. (Appendix, page 15g)

Several sections had been referred to a special subcommittee for re-drafting. The new draft has incorporated material from earlier sections which replaces material in Document 245. The substance of Article III, Section 5, page 17, Document #245 and Article IV, Section 3, page 19, has been incorporated in the new Article IV, Sections 2 and 3, appended hereto.

The present text of Article IV, Section 2 (Appendix, page 20b of this Document), has been approved by the Committee and is recommended for the approval of the Commission. Article IV, Section 3 and Section 4, Paragraph A, were approved in substance by the Committee and were rewritten in accordance with the instructions of the *Ad Hoc* Committee. (Appendix, pages 21a and 22f.) Similar action was taken by the Committee regarding Article IV, Sections 6 and 7 whose texts are given here as drawn by the Drafting Subcommittee.

Respectively submitted by:

E. I. MONTOULIEU
Chairman

(p. 15g)

APPENDIX

Article III

(Recommended by subcommittee of Committee 2)

SECTION 4. *Conditions on which Bank may Guarantee or make loans.*

The Bank may guarantee, participate in, or make loans to the government of any member, political sub-divisions thereof, and business, industrial, and agricultural enterprises therein, subject to the following conditions:

(1) The government of the member in which the project is located or the central bank or some comparable agency of the government of the member and acceptable to the Bank fully guarantees the payment of interest and other charges on the loan and repayment of the principal.

*(2) The Bank is satisfied that in the prevailing market

*Previously approved by Commission II.

conditions the borrower would be unable otherwise to secure the funds under conditions which in the opinion of the Bank are reasonable for the borrower.

**(3) A competent committee, after a careful study of the merits of the proposal, has submitted a written report recommending the project.

(4) 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. In making or guaranteeing a loan the Bank shall pay due regard to the prospects that the borrower will be in position to meet its obligations under the loan; and the Bank shall act prudently in the interest both of the borrower and also of the guaranteeing members.

*(5) In guaranteeing a loan made by other investors, the Bank receives compensation for its risk.

(6) Loans made or guaranteed by the Bank, except in special circumstances, shall be for the purpose of specific projects of reconstruction and development.

7/14/44 Art. III Sec. 4

(p. 20b)

Article IV

(Recommended by subcommittee of Committee 2)

SECTION 2—*Loans from Subscribed Capital and Borrowed Funds, and Guarantees of Loans*

(a) Expenditures out of loans made by the Bank under Section 1(a) of this Article from currency subscribed under Article II, Section 4(a) shall require the approval in each case of the member whose currency is to be loaned.

(b) The Bank may borrow funds under Section 1(b) of this Article or guarantee loans under Section 1(c) of this Article only with the approval of the member in the market of which the funds are raised and only if that member agrees that the proceeds can be expended in any member without restriction.

7/14/44 Art. IV Sec. 2

(p. 21a)

Article IV

(Recommended by subcommittee of Committee 2)

SECTION 3.—*Provision of Currencies for Direct Loans.*

The following provisions shall apply to direct loans under Section

---

**Being submitted by Drafting Committee of Commission II.

*Previously approved by Commission II.

749013 — 48 — 41

1(a) and 1(b):—

(a) The Bank shall furnish the borrower with such currencies of other members as are needed by the borrower for expenditures in such countries in connection with the loan. If any such currency is not available in whole or in part out of funds provided under 1(a) or 1(b), the Bank may supply such currency in such other manner as it may determine subject to Section 8 of this Article.

(b) The Bank may, in exceptional circumstances when the local currency required for the purposes of the loan cannot be raised on reasonable terms in the borrowing member's own currency, itself provide an appropriate part of the loan in that currency.

(c) The Bank, if the project or program gives rise indirectly to an increased need for foreign exchange by the borrowing member, may in exceptional circumstances provide to the borrower as part of the loan 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, at the request of a member in which 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 to exceed the amount by which the expenditure of the loan in that member gives rise to an increased need for foreign exchange.

7/14/44 **Art. IV Sec. 3**

(p. 22f)

Article IV

(Recommended by Subcommittee of Committee 2)

SECTION 4.—*Payment Provision for Direct Loans*

(a) The terms and conditions of interest, amortization, 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(b) this rate shall be not less than one percent per annum and not greater than one and one-half percent per annum during the first ten years, and shall be charged on the portion of any such loans not already covered by amortization payments. After ten years, the rate of commission on such loans may be reduced by the Bank in respect of the outstanding portion of such loans if the reserves accumulated out of commissions and other earnings are considered by the Bank sufficient. With respect to future loans, the rate of commission shall be determined by the Bank.

(b) Unchanged.

(c) Unchanged.

(d) Unchanged.

7/14/44 Art. IV Sec. 4

(p. 24b)

Article IV

(Recommended by subcommittee of Committee 2)

SECTION 6—*Guarantees*

In guaranteeing a loan placed through the usual investment channels, the Bank shall charge a guarantee commission on the outstanding amount of the loan. The rate of the guarantee commission shall be determined by the Bank. This rate shall be not less than one percent per annum and not greater than one and one-half percent per annum, during the first ten years, and shall be charged on the portion of any guaranteed loan not already covered by amortization payments. After ten years, the rate of commission may be reduced by the Bank with respect to the outstanding portions of previous loans if the reserves accumulated out of commissions and other earnings are considered by the Bank sufficient; and with respect to future loans shall be determined by the Bank. Guarantee commissions shall be paid directly to the Bank by the borrower. The Bank shall determine any other terms and conditions of the guarantee.

7/14/44 Art. IV Sec. 6

(p. 25b)

Article IV

(Recommended by subcommittee of Committee 2)

SECTION 7—*Methods of Meeting Obligations and Distributing Recoveries of Losses*

The obligations of the Bank shall be met and recoveries of losses shall be distributed as follows:

(a) The obligations of the Bank on borrowings or guaranteed under Sections 1(b) and 1(c) of this Article shall be met:

(i) Out of accumulated guarantee commissions;

(ii) At the discretion of the Directors, (a) out of surplus and reserves or (b) by a call on capital subscribed under Article II(4) (b);

(iii) Ultimately by a charge to capital subscribed under Article II(4)(a).

(b) If losses of the Bank are recovered, the funds received shall at the discretion of the Directors be used to rebuild the surplus and reserves or the capital of the Bank, or be returned ratably to members responding to any calls by which the obligations of the Bank are met.

7/14/44 Art. IV Sec. 7

Document 395

CI/QC/RP1

Report of Quota Committee of Commission I

July 15, 1944

The Quota Committee of Commission I met at 10 a.m. on July 15 and agreed to recommend to Commission I the following text for Schedule A:

Quotas

	(In millions of dollars)		(In millions of dollars)
Australia	200	Iran	25
Belgium	225	Iraq	8
Bolivia	10	Liberia	.5
Brazil	150	Luxembourg	10
Canada	300	Mexico	90
Chile	50	Netherlands	275
China	550	New Zealand	50
Colombia	50	Nicaragua	2
Costa Rica	5	Norway	50
Cuba	50	Panama	.5
Czechoslovakia	125	Paraguay	2
Denmark*	*	Peru	25
Dominican Republic	5	Philippine Commonwealth	15
Ecuador	5	Poland	125
Egypt	45	Union of South Africa	100
El Salvador	2.5	Union of Soviet Socialist Republics	1200
Ethiopia	6	United Kingdom	1300
France	450	United States	2750
Greece	40	Uruguay	15
Guatemala	5	Venezuela	15
Haiti	5	Yugoslavia	60
Honduras	2.5		
Iceland	1		
India	400	Total	8800

*The quota of Denmark shall be determined by the Fund after Denmark accepts membership in accordance with Article XIX, Section 1.

(p. 2) The Committee's recommendation was unanimous with the exception of reservations by China, Egypt, the French Delegation, India and New Zealand.

The Mexican Delegation agreed to relinquish $10 million of its quota in favor of $5 million each for Colombia and Chile. The above table includes these readjustments.

The Committee was composed as follows: Belgium, Brazil, Canada, China, Cuba, Czechoslovakia, Egypt, French Delegation, India, Mexico, New Zealand, Norway, United Kingdom, Union of Soviet Socialist Republics, United States, Chairman.

FRED M. VINSON, *Chairman*

Document 397

July 8, 1944

International Monetary Fund

(PURPOSES, METHODS, CONSEQUENCES)

Much confusion about the International Monetary Fund would be avoided if it were clearly understood that there are three separate aspects in the proposed plan: one, the Fund's purpose; two, the methods proposed for achieving this purpose, and, three, the consequences that may flow from its achievement.

The purpose of the Fund is the restoration of world trade and its continuing expansion. While the agreement proposing the Fund deals for the most part with matters relating to foreign exchange and the maintenance of its stability, that after all is not an end in itself but merely one of the means towards achieving better trade conditions. Similarly, while the Fund may be expected, through improving trade conditions, to contribute to the maintenance of full employment and a high level of real income as well as to the restoration of disrupted economies and the development of resources of undeveloped countries, these matters are in the nature of hoped for consequences of the successful operation of the Fund rather than its immediate purpose.

A brief discussion of the three phases of the matter is presented in the following paragraphs. No attempt is made to describe the Fund's operation or to cover all the matters with which the proposal deals. That has been done in other papers. This is only an attempt to draw a sharp distinction between the

Fund's purposes, its methods, and the possible consequences of its operation.

Purpose

No country is completely free from the influence of foreign trade. Raw material producing countries need foreign trade in order to find markets for their output. These countries need the proceeds of the sale of their products abroad for the purpose of buying goods for consumption as well as for the development of their country. Industrial countries usually require foreign trade both for the acquisition of raw materials which they use in manufacturing and for the disposal of their products. There are great differences between countries in the extent to which they depend on foreign trade. In some countries foreign commerce constitutes a very large proportion of total national income. In other countries the percentage of national income that is produced by foreign trade is small. But even in the latter countries it is often the case that the marginal 10 or 12 per cent involved in foreign trade may spell the difference between prosperity and depression.

For these reasons, a restored world economy cannot be imagined without the establishment of world trade on the largest possible scale and with the least possible obstructions. This need not be elaborated; suffice it to recall the innumerable difficulties and frictions which developed in the two decades after the last war as a result of increasing obstructions to world trade. If the Monetary Fund can make a substantial contribution to its restoration in the maximum possible volume it will not have been in vain that the representatives of 44 nations spent much time and effort in promoting and fashioning the plan.

(p. 2)

Method

The greater part of the proposed agreement deals with the methods devised for the purpose of encouraging world trade. The principal method is the restoration of exchange stability. Assurance to producers and traders throughout the world that they can count on a reasonably stable level of exchange rates would make it very much easier for them to engage in their business. They would have the assurance that their profits will not be exposed to the unpredictable risk of great fluctuations in the value of the currencies for which they propose to sell their product or in which they proposed to pay for their imports. Exchange stability affects directly not only those who are engaged in international trade but also all those who produce goods a considerable part of which finds its way into world markets. It is, therefore, not a matter that concerns merely a relatively small proportion of some countries' population but one that directly concerns the great majority of all people. In fact, no prosperous world trade and no prosperous economies can persist in the face of violent fluctuations in exchange. It is for this reason, and as a result of painful experience, that the great necessity for developing an International Monetary Fund was recognized.

More specifically, the Fund proposes to limit the right of member countries to change their exchange rates without going through a certain procedure. The countries that join the Fund undertake not to propose such changes unless they consider them appropriate to the correction of a fundamental disequilibrium.

While the Fund looks to exchange stability as the principal means for the restoration of world trade, it recognizes limitations on stability that are necessary in order to meet the internal conditions of different countries. It provides that during the period of transition, in view of the extreme uncertainties that must prevail after the war comes to an end, many adjustments will be necessary, and it is proposed that the Fund in deciding on its attitude to any proposals for changes in exchange rates presented by members shall give the member country the benefit of any reasonable doubt. It is indeed impossible to conceive of a Fund possessed of such wisdom as to provide immediately after the war rates of exchange that will in all cases continue to be appropriate as the process of reconstruction proceeds. There is, therefore, an indication that the Fund will have an open mind in this matter and will proceed with due consideration for the needs of applying countries.

The Fund also has other provisions that add flexibility to the system it hopes to establish. It authorizes a country to make a 10 per cent change in its currency without obtaining the concurrence of the Fund. However, even in that case the country is required to consult with the Fund and to act in accordance with its purposes, so that if the agreement is carried out in good faith such changes will not be an arbitrary or competitive devaluation. Furthermore, the proposal provides that a country which after having made a 10 per cent change finds itself under the necessity of making another change without delay, may request the Fund's concurrence in such a change and a reply must be given within 72 hours. Other changes can be obtained with the Fund's concurrence and there are no prescribed limitations to the time necessary for their consideration.

(p. 3) It may appear that these provisions go a long ways towards diminishing the hoped for stability of exchanges. Careful consideration, however, would indicate that the opposite is the case. Stability does not mean rigidity, and rigidity in the past has resulted in extreme instability. A country which finds that its domestic economy is suffering greatly from inability to sell abroad, because of an inappropriate rate of exchange, has no alternative but to change it. If it does not change it soon enough but persists in maintaining it after it has become untenable, there are serious consequences both at home and abroad. Ultimately the rate is changed and is likely to be changed by a larger amount than would have been necessary if the country had acted promptly. Illustrations of such cases are too common to need mention.

Therefore, the provision for moderate changes in consultation with an International Fund and with its concurrence, so long as they are in accordance with the general objectives of the Fund, is a real contribution to stability rather than an impingement upon it.

In order to protect the economies of the country from any untoward influences resulting from excessive rigidity of the rate, there is an explicit provision that the Fund shall not reject a requested change that is necessary to restore equilibrium, on the ground that it does not approve of the domestic social or political policies of the member country, or of its economic policies in so far as these contribute to the maintenance of a high level of employment and real income. These provisions are not a substantive limitation on what the Fund is expected to do, but merely a reassurance to the countries that these vital matters were kept in mind by the framers of the proposal, and the member countries' inherent autonomy in domestic affairs is not threatened.

As a part of its mechanism for the restoration of world trade the Fund provides a method of affording countries an opportunity in effect to borrow foreign currencies from the Fund, in exchange for their own. This enables countries that are temporarily out of means for making payments abroad to make such payments out of the Fund's resources. The countries are thus protected from feeling immediately the pressures arising out of an unfavorable trade balance in a way that leads to disruption, measures of restrictions, blocked accounts, limitations of trade, etc.

There are many safeguards provided in the Fund to protect its resources from uses that are excessive in amount or in duration. The Fund is expected to be a revolving fund which affords to the countries a breathing spell during which they can undertake such measures as may be necessary to restore their economy to a condition of equilibrium without in the meantime disrupting their foreign trade. No safeguard provided for the Fund is more important than the provision that the countries' request for foreign currencies must indicate that the uses to which those currencies will be put are consistent with the purposes of the Fund. This means that countries which conduct their affairs in good faith in accordance with the undertaking to act in conformity with the purposes of the Fund will not in any circumstances divert the (p. 4) resources of the Fund to undesirable uses. In international agreements between sovereign States no method of enforcement can be as important as reliance on the good faith of the participants. The Fund's operations are limited to current transactions. With reasonable exceptions, the Fund is not supposed to be used for the transfer of capital. Such operations must be handled through other channels.

An important incidental provision in this connection is the power of the Fund to warn a member country, even though that country may not be using the Fund's resources, that the conduct of its affairs is not consistent with the purposes of the Fund. Such a warning would point out to the country that its conduct not only constitutes a failure to perform an obligation undertaken by joining the Fund but will be prejudicial to the country if in future it should wish to have recourse to the Fund.

To summarize, the Fund attempts to provide the greatest degree of exchange stability that is consistent with the economic necessities of the members. It introduces stability without rigidity and elasticity without looseness.

Consequences

In drafting the proposal it has been the intention not only to indicate the purpose and the methods of the Fund but also briefly to mention the consequences that it may have on world prosperity. As a means of assuring the member countries that join the Fund that it is not conceived in the narrow spirit of protecting the financial interests of traders and their backers but in the spirit of far-sighted concern about the general well-being, it is indicated that the Fund proposes to contribute to the promotion and maintenance of high levels of employment and to the development of the sources of productive power in all member countries, as primary objectives of economic policy.

The Fund does not propose to be a universal panacea for all human ills but only a mechanism for the performance of a clearly defined specific purpose. At the same time it is one of the cogs which, in conjunction with many other undertakings, offers hope for the re-establishment of a prosperous and, consequently, a peaceful world.

Document 398

CII/MC/6

Commission II: Documents to be considered at meeting at 4 p.m.

The list published in the Journal this morning should be amended by the inclusion of certain working papers that were omitted from that list. Also, the report of Committee 2 has been distributed and its number is included.

One complete file containing all of the relevant documents (listed below) will be distributed to each delegation at the meeting.

Drafting Committee:
- Doc. #360—Second Report
  - #357, #358, #359 — Working papers
  - #389—Third Report
  - #391—Fourth Report

Committee 2:
- Doc. #394—Report of *ad hoc* committee

Committee 3:
- Doc. #352—First report of *ad hoc* Committee 3b
- #372—Working paper
- #385—Second report of *ad hoc* Committee 3b.
- #384—Working paper
- #338—Report of *ad hoc* Committee 3c.
- #371—Working paper

Committee 3c will report verbally on Article VI, Section 4, in paragraph 2 of Document #389.

Committee 4 will report verbally on Sections 3 and 10 of Document #359.

Document 399

CII/AH/RP6

Report of the Meeting of the ad hoc Committee 2 of Commission II

July 15, 1944—10 *a.m.*

The Committee considered the Sections of the Bank document which had been submitted by its Drafting Sub-committee. Article IV, Section 2, page 20b, and Article IV, Section 6, page 24b, were approved by the Committee and recommended for adoption by the Commission.

Article III, Section 4, was amended by the Committee. In paragraph (1), third line, substitute "which is" in place of "and". The Committee decided that Paragraph (4) should be divided into two portions, a new paragraph (5) beginning with the second sentence so that the Section will have 7 sub-paragraphs.

Article IV, Section 3 was amended by inserting in paragraph (d) the words "in exceptional circumstances" after the word "may" so that the paragraph will read: "The Bank may, in exceptional circumstances, at the request of a member in which a portion of a loan is spent, etc. etc." With this amendment it is recommended to the Commission for adoption.

The Committee approved Article IV, Section 4, paragraph (a), as submitted by its Drafting Sub-committee, Document 394, page 22f, but is still considering the remaining paragraphs of this Section. The Committee also still has under consideration Article IV, Section 7.

7/15/44

Document 400

(p. 45a)

SA/3/25

ARTICLE VI

Alternative D.

SECTION 4. *Cessation of Membership in International Monetary Fund.*

Any member which ceases to be a member of the International Monetary Fund shall immediately cease to be a member of the Bank unless the Bank by 75 percent of the votes, agrees to allow it to remain as a member.

7/15/44

Art. VI
Sec. 4
Alt. D

Document 401

CII/AH/RP7

Minutes and Report of Reporter

SUBCOMMITTEE 3-C OF COMMISSION II

July 15, 1944, 9:30 *a.m.*

MR. CAMILLE GUTT, *Chairman*

At the second meeting of Subcommittee 3-C of Commission II, it was agreed that article VI, section 4, page 45 of the Bank would read as follows (Alternative D):

> "Any member which ceases to be a member of the International Monetary Fund shall immediately cease to be a member of the Bank unless the Bank by 75 percent of the votes, agrees to allow it to remain as a member."

This revised Alternative D replaces Alternatives A, B, and C of article VI, section 4.

Document 403

(p. 29c) SA/1/65

ALTERNATIVE E

(Substitute for Section 6(b) of Alternative A)

(b) The Fund may hold other assets, including gold, in designated depositories in the five members having the largest quotas and in such other depositories as the Fund may select. Initially at least one-half of the holdings of the Fund shall be held in the designated depository in the member in which the Fund has its principal office and at least 40 percent of the holdings shall be held in the other principal four depositories. However, all transfers of gold by the Fund shall be made with due regard to the costs of transport and expected requirements of the Fund. In an emergency the Executive Directors may transfer all or any part of the Fund's holdings of gold to any place where it can be adequately protected.

7/15/44

J.S. Art. VII
Sec. 6(b)

Document 405

(p. 50c) SA/1/66

Alternative C

(Replacing Alternative B: revision of pages 50 and 50a, SA/1/49)

Section 5. *Fixing Initial Par Values.*

(a) Each member on whose behalf this Agreement is signed before————, shall, within 30 days of receiving notice from the Fund, communicate to it the par value for the member's currency based on the rates of exchange prevailing for its currency sixty days prior to the date on which this Agreement first comes into force, provided that no member shall be required so to communicate while its metropolitan territory is involved in major hostilities.

(b) In the case of a member whose territory has *not* been occupied by the enemy the par value so communicated shall be the par value of the member's currency for the purposes of the Fund unless within ninety days after the notice in (a) has been received (1) the member signifies that it regards such par value as unsatisfactory, or (2) the Fund informs the member that it is of opinion that such par value cannot be sustained without recourse to the Fund on a scale damaging to the Fund and to other members. When a member or the Fund so signifies that the par value of a currency is unsatisfactory, the Fund and the member shall, during a period to be 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 as of the date of the termination of such period.

(c) When the par value of the currency of a member whose territory has *not* been occupied by the enemy has not been signified as unsatisfactory within ninety days, or, having been signified as unsatisfactory, has been agreed with the Fund, the member may buy from the Fund with its currency the currency of other members to the full extent permitted in Article———.

7/15/44 Art. XIII
Sec. 5

(p. 50d) Section ——— provided that the Fund has begun exchange transactions in member currencies.

(d) In the case of a member whose territory has been occupied by the enemy its par value communicated in (a) above shall be the par value of the member's currency for the purposes of the Fund; but for a period to be determined by the Fund in consultation with the member such par value may be changed by agreement with the Fund, and the changes shall not affect the member's rights under Article———, Section ———. After 90 days from the date on which the Fund notified the member under (a) to communicate its rate, and provided that the Fund has begun exchange transactions in member currencies, (1) the member may buy from the Fund with its currency the currency of other members, but only under conditions and in amounts to be prescribed by the Fund; or (2) if the member elects to be governed by the provisions of Article ———, Section ———, and providing the Fund agrees to the par value then in effect for its currency, the member may buy from the Fund with its currency the currency of other members to the full extent permitted in Article ———, Section ———. If the Fund does not agree to the par values then in effect for the member's currency, the procedure shall be the same as in (b) above.

(e) A member which has not communicated the par value for its currency to the Fund because its metropolitan territory is involved in major hostilities may, for such period as the Fund determines, refrain from communicating its par value after such hostilities have ceased. Until, however, such member communicates the par value of its currency to the Fund, the Fund shall not operate in its currency. When such member communicates the par value of its currency to the Fund, it shall be subject to the procedure described in (d) above.

7/15/44 Art. XIII Sec. 5

(p. 50e) (f) A country which undertakes to become a member of the Fund after the date mentioned in (a) shall agree with the Fund upon the par value of its currency before becoming a member.

(g) A member communicating to the Fund a par value for the currency of its metropolitan territory shall at the same time communicate a value, in terms of that currency, for each separate currency, where such exists, in the territories in respect of which it accepted this Agreement, under Section ———. From the values so communicated, the Fund shall compute the par value of each such separate currency. A member making a communication to the Fund regarding the par value of its currency, shall be deemed, unless it declares otherwise, to be making a corresponding communication regarding the par value of all the separate currencies circulating in the territory subject to its jurisdiction. It shall, however, be open to any member to make a communication relating to the metropolitan or any of these separate currencies alone and, if the member does so, the provisions of the preceding paragraphs shall apply to each of these currencies separately.

(h) The Fund shall begin exchange transactions at such date as it may determine after par values have been finally established for the currencies of members having sixty-five percent of the aggregate quotas set forth in Schedule A but in no event until after the Fund shall have found that major hostilities in the present war in its European phase have ceased.

(i) The Fund may defer initial exchange transactions with any member whose circumstances in the opinion of the Fund would lead to use of the resources of the Fund in a manner contrary to the purposes of this Agreement or damaging to the Fund or other members.

7/15/44

Art. XIII
Sec. 5

Document 407

(p. 31g) CII/3/Sc/1

Committee 3 of Commission II: Tentative suggestion from Special Subcommittee to *Ad Hoc* Committee 3b

July 15, 1944

The following is suggested as a possible alternative to Article V, Section 3(b), (Doc. 245, page 31):

Article V

Doc. 332 (p. 31e, 31f) "SECTION 3(b). There shall be 9 Executive Directors, of whom 5 shall be appointed, and 4 shall be elected. Persons chosen as Executive Directors need not be Governors.

(1) *Appointed Directors.*

(i) *First four years.* During the first four years of the operation of the Bank the 5 appointed Directors shall be named by the following members:

____

____

____

____

____

(EXPLANATORY NOTE: The last two countries are to be chosen by the Conference primarily with a view to enlisting the confidence of investors and financial institutions situated in the countries which are expected to export capital under the auspices of the Bank during its early operations.)

(ii) *Second four years.* After the first four years the appointed Directors shall be named as follows: One shall be named biennially by each of the three members holding the largest number of shares. The remaining 2 Directors shall be named bi-

7/15/44

Art. V
Sec. B
Alt. C

ennially by (p. 31h) those 2 members (other than the three holding the largest numbers of shares) from which, at the close of the preceding calendar year, the largest amounts of investment capital have been provided in the form of loans to the Bank or guaranteed by it.

(2) *Elected Directors.* Elections for the 4 elected Executive Directors shall take place biennially in accordance with Schedule B. All Governors shall be eligible to vote except those representing members which have appointed Executive Directors.

(3) In voting for Directors, each Governor of the Board shall be entitled to 50 votes, plus one vote for each $100,000 of stock held by his country."

(NOTE: A consequential amendment would be required in Section 3(f). The first sentence should read as follows):

"SECTION 3(f). Each appointed Director shall be entitled to cast the number of votes allotted under Section 3(b) to the member appointing him.

"Each elected Director shall be entitled to cast the number of votes allotted to all countries voting for him under Section 3(b)."

(NOTE ON SCHEDULE B. It may be necessary to provide that members which hold shares more than sufficient to elect one Executive Director shall elect only one, and that their excess votes shall not contribute to the election of another Executive Director.)

7/15/44

Art. V
Sec. B
Alt. C, cont'd.

(p. 31i) To give representation to countries not represented on the Board of Directors, the following new section is also proposed by the committee:

Article V

"SECTION 13. *Regional Offices*

Regional offices shall be established for various regions of the world.

Each regional office shall be assisted by a Regional Board representing the entire region.

The regions covered by each regional office, its location, and the method of appointing the Regional Boards shall be determined by the Board of Governors."

7/15/44

Art. V.
Sec. B
Alt. C, cont'd.

Document 408

(p. 75)

JOURNAL

UNITED NATIONS
MONETARY AND FINANCIAL CONFERENCE

No. 16 Bretton Woods, New Hampshire July 16, 1944

ORDER OF THE DAY

Meetings for Sunday, July 16

9:30 a.m.	Commission II	Auditorium
2:30 p.m.	*Ad Hoc* Committee 2 of Commission II	Room B
2:30 p.m.	Drafting Committee of Commission II	The Hemicycle
3 p.m.	*Ad Hoc* Committee 3B of Commission II	Room A

(p. 76)

RÉSUMÉS OF MEETINGS OF COMMISSION I

International Monetary Fund

(*July* 15, 12:30 *p.m.*)

At its sixth meeting the Commission considered article IV, Liquidation of the Fund (pp. 37d and 37e, SA/1/63, Document

376), and accepted the recommendations of the Special Committee. The Special Committee's Report on Initial Determination of Par Values was accepted on the basis of an oral presentation of the Special Committee's recommendations (subsequently circulated as Document 405). Article XIX, Final Provisions (Document 321, pp. 27-29), was adopted. Permission was given to the Drafting Committee to insert dates in the blanks in article XIX. Article I, paragraph (b) (p. 1, Document 321), was recommitted to the Special Committee. The Commission approved the recommendation of the Special Committee to recommit the question of "time of payment" to the Drafting Committee for special attention to wording with respect to liberated countries.

The problem of newly mined gold was considered and the wording of the Special Committee approved. The question of a provision to cover emergency measures was referred to the Special Committee.

A provision regarding changes in par values which do not affect the international transactions of members, to be included in article IV (Document 321), was accepted and referred to the Drafting Committee.

The Commission then began consideration of article XII, section 2, Depositories (p. 29c, SA/1/65, Document 403), and considered a text presented by the Special Committee.

(The minutes of this meeting are being distributed separately as document no. 409.)

(*July* 15, 4 *p.m.*)

The seventh meeting of Commission I continued the discussion of Depositories begun at the previous meeting. The text circulated as Alternative E (Document 403) was accepted by the Commission. The Delegate of the Union of Soviet Socialist Republics reserved his position with regard to the last sentence.

The Chairman of the Quota Committee then presented his report, which was adopted. Reservations or requests for reconsideration were entered by the Delegates of Australia, China, Egypt, Ethiopia, the French Delegation, Greece, India, Iran, New Zealand, and Yugoslavia. The Delegate of the Netherlands stated that he must await instructions from his Government.

The Commission then discussed the question of the election of Executive Directors. Alternative J (p. 26j, SA/1/54, Document 310) and Alternative K (p. 26m, Document 328) were accepted by the Commission.

The Delegate of the Union of Soviet Socialist Republics proposed the adoption of Alternative C (p. 4a, SA/1), providing for a reduction in the gold participation of countries invaded by the enemy to 75 percent of the amount assigned. After some debate the proposal was rejected by the Commission.

(The minutes of this meeting are being distributed separately as document no. 410.)

(p. 77)

Appointment of Quota Committee of Commission I

Pursuant to the action of Commission I at its meeting on July 13, the Chairman of Commission I announces the appointment of the Quota Committee of Commission I as follows:

United States, *Chairman*
Belgium
Brazil
China
Canada
Cuba
Czechoslovakia
French Delegation
Mexico
New Zealand
Norway
Union of Soviet Socialist Republics
United Kingdom

Secretary: Karl Bopp

Notice Regarding Documentation

Members of the Conference who are interested in keeping complete sets of documents should note that no document 402 was issued; in the SA/1 series no document SA/1/64 was issued.

Corrigendum for List of Delegates

The List of Delegates, under Nicaragua (p. 20, Document 231), should be corrected to read: J. Jesús Sánchez Roig, former Minister of Finance; Vice Chairman, Board of Directors, National Bank of Nicaragua.

(p. 78)

List of Documents Issued as of July 15, 1944

Subject	*Symbol*	*Doc. No.*
List of Delegates and Officers of the Conference and Secretariat	GD/26	231
Statement by Sir S. Chetty of the Indian Delegation	DP/25	386
Commission II—Report on Status	CII/RP1	387
Journal No. 15	J/15	388
Third Report of Drafting Committee, Commission II	CII/DC/RP3	389
Order of the Day	GD/40	390
Fourth Report of Drafting Committee, Commission II, July 15	CII/DC/RP4	391
(Cancelled)		392

Document 409

CI/M/6

Minutes of Meeting of Commission I

INTERNATIONAL MONETARY FUND

(*July* 15, 1944, 12:30 *p.m.*)

At the beginning of the meeting of Commission I, the Delegate from the United Kingdom stated on a point of order that the minutes of Commission I of July 13 did not record with full accuracy his views on the convertibility of currently acquired sterling. A note of the correction is being circulated separately as Document 370 (corrected). The Commission then proceeded to further consideration of the report of the Special Committee. Liquidation of the Fund (pp. 37d and 37e, SA/1/63, Document 376) was the first matter presented. The revised text recommended by the Committee was adopted.

The recommendations of the Special Committee on Initial Determination of Par Values were next presented orally. A motion made by the Delegate from the United Kingdom that the Committee's proposal (distributed as Document 405) be amended to include at the end of paragraph H the words "or before August 1, 1945, whichever is the later" was lost for want of a second. The Committee report was approved.

Article XIX, Final Provisions (Document 321, pp. 27-29), was then presented for approval. The suggestion by the Delegate from Australia was made that the provision for "65 percent of the aggregate quotas" in section 2 should be increased to 70 percent. The suggestion was not adopted. The Commission authorized the Special Committee to insert the dates in the blanks in section 1, including the additional paragraphs recommended for this section by the Drafting Committee (Document 342). Article XIX was then accepted as a whole.

The Commission then proceeded to a discussion of the Special Committee's recommendation with regard to article I, Purposes, Paragraph (b) that the words "and real income" be added after "employment" and that "whatever the stages of their economic development" be added after "of all members" (Document 321, p. 1). The Delegate from the United States then moved that the wording suggested by the Special Committee be not inserted and that the words "and to the development of the sources of productive power" be omitted. The motion was seconded by the Delegate from Belgium. After further discussion, the motion of the Delegate from the United Kingdom that in view of its importance the problem be recommitted to the Special Committee was carried.

The Chairman of the Special Committee then proposed that the language of article III, section 3 (Document 321), (p. 2) be referred to the Drafting Committee for consideration of questions of wording with respect to liberated countries.

The Special Committee then presented the following language regarding the problem of newly mined gold as an addition to the section on Other Acquisitions of Gold by the Fund (item 5(b), Document 374).

> "In the case of members whose metropolitan territories have been occupied by the enemy or severely damaged by enemy action, the obligation of this Section shall not apply for five years after this Agreement comes into force to gold newly produced from mines located within the territories of such members."

This proposal was adopted.

The Reporter of the Special Committee next presented the need felt by some delegations that the Fund be given authority to take emergency action but stated that the Committee had come to no general agreement and would like to have time to consider the exact nature of the provision desired.

The Special Committee recommended the following language to be inserted in article IV (Document 321): "A member of the Fund may change the par value of its currency without the consent of the Fund, if the change does not effect international transaction of members of the Fund." This insertion was approved and referred to the Drafting Committee, with authority to insert it in the appropriate place in the final draft.

Article XII, section 2 (p. 24, Document 321), Depositories, and the amendments of the Special Committee (p. 29c, SA/1/65, Document 403) were presented and discussed.

The Commission adjourned, to resume in the afternoon.

Document 410

CI/M/7

Minutes of Meeting of Commission I

International Monetary Fund

(*July* 15, 1944, 4 *p.m.*)

The meeting resumed discussion of Depositories begun at the previous meeting. The text circulated as Alternative E (page 29c, SA/1/65, Document 403) was accepted by the Commission. The Delegate of the Union of Soviet Socialist Republics moved that the last sentence of the provision be struck out and, the amendment not being accepted, the reservation of the Soviet Delegation on this point was recorded.

The Chairman then called for the report of the Quota Committee (Document 395). The Delegate of the United States, in moving the adoption of the report, explained the difficulties arising in connection with determining quotas. He explained that the early hopes of finding an objective scale had not been realized and that the circumstances of different countries varied so widely that the consideration of many factors had been necessary. He stated that the original schedule based on an aggregate of $8 billion for the original membership had been increased to $8,800 million. Fifteen countries had participated in the work of the Committee on quotas and five had indicated their reservations. He concluded with the observation that the task had been difficult but that any errors which may have occurred in the determination were not of intention but the result of the complexity of the problem.

After extended discussion the Commission voted to approve the report. Reservations were made or reconsideration was asked by the delegates of Australia, China, Egypt, Ethiopia, the French Delegation, Greece, India, Iran, New Zealand, and Yugoslavia. The Delegate of the Netherlands indicated that he was under the necessity of submitting the quota to his Government but hoped to have a reply before the end of the Conference. He further recorded his understanding that acceptance of a quota did not imply acceptance of any formula on which it may have been based.

The Commission considered the election of Executive Directors. Article XI, section 3, Alternative J, was discussed and adopted by the Commission (p. 26j, SA/1/54, Document 310). Subsequently, Alternative K (p. 26m, Document 328) was discussed and approved as an addition to Alternative J. Alternative E (p. 25h, SA/1/55, Document 315) was proposed by the Delegate from Egypt but held by the Chairman to be in conflict with the provisions already adopted. A question of (p. 2) interpretation with regard to the word "biennial" in the second paragraph of Alternative J was raised and it was stated that the English meaning is "every two years".

The Delegate of the Union of Soviet Socialist Republics then proposed the adoption of Alternative C (p. 4a, SA/1) which related to the reduction of the gold contribution of countries devastated by the war and moved that the reduction be 25 percent. After some debate the proposal was rejected by the Commission.

Document 412

(p. 11d) . SA/1/67

Alternative G

(In Place of Alternative A, p. 11)

Article III, Section 7

Other Acquisitions of Gold and of Convertible Currency by the Fund.

(a) A member may repurchase from the Fund for gold any part of the Fund's holdings of its currency.

(b) If, at the end of the Fund's financial year, the Fund's holdings of a member's currency is found to have increased during the year, the Fund shall, subject to (d) and (g) below, require the member to draw upon its monetary reserves in order to repurchase its currency from the Fund, up to the point at which, this adjustment having been made, the amount by which its reserves have decreased during the year equals the amount by which the Fund's holding of its currency has increased during the year.

(c) If, after the adjustment described in (b) has (if it is required) been made, a member's monetary reserves are found to have increased during the year, the Fund shall, subject to (d) and (g) below, require it to use one-half of the increase to repurchase its currency from the Fund.

In calculating, for purposes of this subsection, the increase in a member's monetary reserves during any year, no account shall be taken of any increase in those reserves which is due to some currency previously inconvertible having become convertible during the year, or which is due to the member's contracting a long-term or medium-term loan during the year, or which has been transferred or set aside for payment of a loan during the subsequent year unless such obligations are otherwise deducted.

(d) The adjustments described in (b) and (c) above shall not be undertaken unless (i) the member's monetary reserves exceed its quota and (ii) the Fund's holding of its currency exceed three-quarters of its quota; and when undertaken they shall not be carried beyond the point at which the member's monetary reserves fall to the level of its quota nor beyond the point at which the Fund's holding of its currency falls to the level of three-quarters of its quota.

(e) In determining the extent to which these repurchases of a member's currency from the Fund shall be made with each type of monetary reserve, that is with gold and with each several kind of convertible currency, the following rules shall, subject to (g) below, be applied.

(i) The gross holdings of each type of reserve shall alone be taken into account, liabilities being ignored.

7/16/44

Art. III
Sect. 7

(p. 11e)

(ii) The amount payable to the Fund under (b) above shall be distributed between each type of reserve in proportion to the member's holding thereof at the end of the year.

(iii) The amount payable to the Fund under (c) above shall be distributed between those types of reserves which have increased in proportion to the amount by which each of them has increased.

The Fund shall not acquire any non-member currency under this provision.

(f) If, at the end of the Fund's financial year, after the adjustments described in (b) and (c) above have (if they are required) 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 with other members or their nationals, the Fund may require the member whose holdings of foreign currency (or gold) have thus increased to use the increase to purchase its own currency from the Fund; provided always that the Fund shall only so act with the consent of the member whose currency has been acquired (or from whom gold has been acquired) as a result of such transactions.

(g) None of the processes of adjustment described in (b) to (f) above shall be carried to a point at which the Fund's holding of a currency which it is acquiring exceeds its holdings of a currency with which it is parting, each holding being measured not as an absolute sum but as a proportion of the quota of the member concerned.

7/16/44

Art. III
Sect. 7

Document 413

CI/DC/5

Working Draft—Fund Agreement

ARTICLES

Introductory Article

I. Purposes

II. Membership

1. Original members
2. Other members

III. Quotas and Subscriptions

1. Quotas
2. Adjustment of quotas
3. Subscriptions: time, place and form of payment
4. Payments when quotas are changed
5. Substitution of securities for currency

IV. Par Values of Currencies
1. Expression of par values
2. Gold purchases based on par value
3. Foreign exchange dealings based on parity
4. Obligations regarding exchange stability
5. Changes in par values
6. Effect of unauthorized changes
7. Uniform changes in par values
8. Maintenance of gold value of the Fund's assets
9. Separate currencies within a member's territories

V. Transactions with the Fund
1. Agencies dealing with the Fund
2. Limitation on the Fund's operations

7/16/44 Outline
(p. ii)

3. Conditions governing use of the Fund's resources
4. Waiver of conditions
5. Ineligibility to use the Fund's resources
6. Purchases of currencies from the Fund for gold
7. Other acquisitions of gold by the Fund
8. Charges

VI. Capital Transfers
1. Use of the Fund's resources for capital transfers
2. Special provisions for capital transfers
3. Controls of capital transfers

VII. Scarce Currencies
1. General scarcity of currency
2. Measures to maintain the Fund's holdings of scarce currencies
3. Scarcity of the Fund's holdings
4. Administration of restrictions
5. Effect of other international agreements on restrictions

VIII. General Obligations of Members
1. Introduction
2. Restrictions on current payments
3. Discriminatory currency practices
4. Convertibility of foreign-held balances
5. Furnishing of information
6. Consultation between members regarding existing international agreements

IX. Status, Immunities and Privileges of the Fund
1. Purposes of Article
2. Status of the Fund
3. Immunity from judicial process
4. Immunity from other action

7/16/44 Outline
(p. iii)

5. Immunity of archives
6. Freedom of assets from restrictions
7. Privilege for communications
8. Immunities and privileges of officers and employees

7/16/44 Outline

(p. iv)

SCHEDULES

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 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 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.

(iv) To promote exchange stability, to maintain orderly exchange arrangements among member countries, and to avoid competitive exchange depreciation.

7/16/44 Art. I.

(p. 2) (v) 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.

(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 above.

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 in accordance with Article XX, Section 1(a).

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 in accordance with Article XX, Section 1(a) shall be those set forth in Schedule A annexed hereto. The quotas of other members shall be determined by the Fund.

7/16/44 Arts. I–III

(p. 3)

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 vote 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 to buy currency 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 this Agreement enters into force under Article XX, Section 2.

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 when this Agreement enters into force under Article XX, Section 2, are not ascertainable because its territories have been occupied by the enemy, the Fund shall fix an appropriate alternative date for determining such holdings for the purposes of (b) (ii) above. If such date is later than that on which the country becomes eligible under Article XX, Section 4, to buy currency from the Fund, the Fund

7/16/44 Art. III
Sec. 2, 3

and the member shall (p. 4) 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 determined.

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 per cent 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) The Fund shall, within thirty days of the date on which any member consents to a reduction in its quota, pay to that 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 per cent of the member's 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, 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 acquired by the Fund.

7/16/44

Art. III
Secs. 4, 5

Article IV. *Par Values of Currencies*

(p. 5)

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 value.*

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.

7/16/44 Art. IV Secs. 1-4

(p. 6) (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 in fact freely buy and sell gold within the limits prescribed by the Fund under Section 2 of this Article, to settle international transactions, shall be deemed to be fulfilling this undertaking.

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

SECTION 5. *Changes in par values.*

(a) 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.

(b) 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. 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 than seventy-two hours in which to declare its attitude.

(c) 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 (b) above.

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

7/16/44 Art. IV
Secs. 4 (Cont.), 5

(p. 7) (e) The Fund shall concur in a proposed change which is within the terms of (b) (ii) or (b) (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 on the ground 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.

SECTION 7. *Uniform changes in par values.*

Notwithstanding the provisions of Section 5(a) of this Article, the Fund by majority vote 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.

7/16/44 Art. IV, Secs. 4 (cont). 7

(p. 8)

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 compensate the Fund by paying to it 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 compensate such member by returning to it, within a reasonable time, an amount in the member's 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 1(c). It shall, however, be open to declare that its proposal relates either to the metropolitan currency alone, or to one or more specified separate currencies alone, or to the metropolitan currency and one or more specified separate currencies.

7/16/44 Art. IV Secs. 8, 9

(p. 9)

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 operation*

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 the currency of the member desiring to purchase or for gold.

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 payments in that currency 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 purchase shall 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

7/16/44 Art. V Secs. 1-3

(p. 10)

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 not apply until the Fund's holdings of the member's currency have been brought up to seventy-five percent of its quota if they have been below that amount;

(iv) The Fund has not previously declared under Section 5 of this Article or under 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 cover 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 such waiver it shall take into consideration periodic or exceptional requirements of members. 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.

7/16/44

Art. V
Sec. 3 (cont.), 4

(p. 11)

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, 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.

Art. V
Secs. 5-7

(p. 12)

SECTION 7. *Other Acquisitions of gold and of convertible currency by the Fund.*

(a) A member may repurchase from the Fund for gold any part of the Fund's holdings of its currency.

(b) If, at the end of any financial year of the Fund, its holdings of a member's currency are found to have increased during the year, the Fund shall, subject to (d) and (g) below, require the member to repurchase its currency from the Fund by drawing upon its monetary reserves up to the point at which, this adjustment having been made, the amount by which its reserves have decreased during the year is equal to the amount by which the Fund's holding of its currency has increased during the year.

(c) If, after the adjustment described in (b) above has (if it is required) been made, a member's monetary reserves are found to have increased during the year, the Fund shall, subject to (d) and (g) below, require it to use one-half of the increase to repurchase its currency from the Fund.

In calculating, for purposes of this subsection, the increase in a member's monetary reserves during any year, no account shall be taken of any increase in those reserves which is due to currency previously inconvertible having become convertible during the year, or which is due to the member's contracting a long-term or medium-term loan during the year, or which has been transferred or set aside for payment of a loan during the subsequent year unless such obligations are otherwise deducted.

Art. V
Sec. 7 (cont.)

(p. 13) (d) The adjustments described in (b) and (c) above shall not be undertaken unless (i) the member's monetary reserves exceed its quota and (ii) the Fund's holding of its currency exceed three-quarters of its quota; and when undertaken they shall not be carried beyond the point at which the member's monetary reserves fall to the level of its quota nor beyond the point at which the Fund's holding of its currency falls to the level of three-quarters of its quota.

(e) In determining the extent to which these repurchases of a member's currency from the Fund shall be made with each type of monetary reserve, that is with gold and with each several kind of convertible currency, the following rules shall, subject to (g) below, be applied.

(i) The gross holdings of each type of reserve shall alone be taken into account, liabilities being ignored.

(ii) The amount payable to the Fund under (b) above shall be distributed between each type of reserve in proportion to the member's holding thereof at the end of the year.

(iii) The amount payable to the Fund under (c) above shall be distributed between those types of reserves which have increased in proportion to the amount by which each of them has increased.

The Fund shall not acquire any non-member currency under this provision.

(f) If, at the end of the Fund's financial year, after the adjustments described in (b) and (c) above have (if they are required) been made, a member's holdings of another member's currency (or of gold acquired from that member) are found to

Art. V
Sec. 7 (cont.)

have (p. 13a) increased by reason of transactions with other members or their nationals, the Fund may require the member whose holdings of foreign currency (or gold) have thus increased to use the increase to purchase its own currency from the Fund: provided always that the Fund shall only so act with the consent of the member whose currency has been acquired (or from whom gold has been acquired) as a result of such transactions.

(g) None of the processes of adjustment described in (b) to (f) above shall be carried to a point at which the Fund's holding of a currency which it is acquiring exceeds its holdings of a currency with which it is parting, each holding being measured not as an absolute sum but as a proportion of the quota of the member concerned.

(h) In the case of members whose metropolitan territories have been occupied by the enemy or severely damaged by enemy action, the obligations of this Section shall not apply for five years after this Agreement comes into force to gold newly produced from mines located within the territories of such members.

Art. V
Sec. 7 (cont.)

(p. 14)

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 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.

7/16/44 Art. V Sec. 8

(p. 15) (d) These rates may be varied by a three-fourths majority of the total votes. Whenever 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. Failing agreement, the Fund may impose such charges as it deems appropriate.

(e) 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 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 accord with the purposes of the Fund.

Art. V, Sec. 8 (cont.)
Art. VI, Sec. 1

(p. 16)

SECTION 2. *Special provisions for capital transfers.*

If the Fund's holdings of the currency of a member have remained below seventy-five per cent 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 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 per cent of its quota, or of reducing the Fund's holdings of the currency desired below seventy-five per cent 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 such controls in a manner which will restrict payments for current transactions or which will unduly delay the 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.

7/16/44 — Art. VI, Sec. 2, 3; Art. VII, Sec. 1

(p. 17)

SECTION 2. *Measures to maintain Fund's holdings of scarce currencies.*

The Fund may, if it deems such action appropriate to maintain necessary balances 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 such currency to the Fund or, with the approval of the member, that the Fund borrow such currency from some other source either within or outside the territory 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) Buy that currency from the member with 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) Such a formal declaration 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, Section 3, the member shall have complete jurisdiction in determining the nature of such limitations, but they shall be no more restrictive (p. 18) 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.

7/16/44 Art. VII Secs. 2, 3

(c) This authorization shall expire whenever the Fund formally declares the currency in question 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. *Restrictions on current payments.*

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

7/16/44

Art. VII
Secs. 4, 5
Art. VIII
Secs. 1, 2

(p. 19) (b) Exchange contracts, which involve the currency of any member and 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 other member.

In addition, members may, by mutual accord, co-operate in measures for the purpose of making the respective exchange control regulations of either member more effective, provided that such measures and regulations are consistent with this Agreement.

SECTION 3. *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 this Agreement enters into force the member concerned shall consult with the Fund as to their progressive removal unless they are covered by Article XIV, Section 2.

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 currently acquired, or

(ii) that their conversion is needed for making current payments which are consistent with the provisions of this Agreement.

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

(b) This obligation does not apply:

(i) When the purchase is requested for a capital transfer (unless following within the class referred to in (a) (ii) above); or

(ii) When the balances to be bought have accumulated as a result of transactions effected before the removal by a member of restrictions maintained or imposed under Article XIV, Section 2.

7/16/44 Art. VIII, Secs. 3, 4

(p. 20)

(iii) When the balances to be bought 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; or

(v) When the member requested to make the purchase is not entitled for any reason to buy currencies of other members from the Fund with 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. The minimum information necessary for the effective discharge of the Fund's duties includes data concerning the following:

(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 residents of its territories so far as it is possible to furnish this information.

7/16/44 Art. VIII Sec. 5

(p. 21)

(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 time lag for each group.

(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 center 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.

7/16/44 — Art. VIII, Sec. 5, (cont.)

(p. 22)

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 of the Fund***

SECTION 1. *Purposes of Article.*

To enable the Fund to fulfill the functions with which it is entrusted, the attributions, 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 power:

(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 waives its immunity for the purpose of any proceedings or by the terms of any contract.

7/16/44 Art. VIII, Sec. 6
Art. IX, Secs. 1-3

(p. 23)

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 granted by members to representatives, officials and employees of comparable rank of other members.

7/16/44 Art. IX Secs. 4–8

(p. 24)

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.

7/16/44 Art. IX Secs. 9, 10

(p. 25)

Article X. ***Relation 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 of the provisions 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 country 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 country 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-member countries 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.

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

Nothing in this Agreement shall affect the right of any member to impose restrictions on transactions with non-member countries 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.

7/16/44 Arts. X, XI

(p. 26)

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 alternate shall serve for five years, subject to the pleasure of the member appointing them, and may be reappointed. No alternate may vote except in the absence of his principal. The Board shall select a governor or the managing director 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 member countries.
(iv) Make arrangements to cooperate with other international organizations, except 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.

7/16/44 Art. XII Secs. 1, 2

(p. 27) (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 aggregate votes.

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

(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 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 compensation from the Fund, but the Fund shall pay them reasonable expenses incurred in attending any 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.

Art. XII
Secs. 2, 3

(p. 28) (b) There shall be not less than twelve and not more than fourteen directors 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, exclusive of any entitled to appoint a director.

Persons chosen as directors need not be governors.

(c) If, at the second 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 or both such members, as the case may be, shall be entitled to appoint a director.

(d) Elections of elective directors shall be conducted at intervals of two years in accordance with the provisions of Schedule B, supplemented by such regulations as the Fund deems appropriate.

(e) Every 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 may not vote.

7/16/44 Art. XII
Sec. 3

(p. 29) 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 Directors shall be a majority of the directors representing not less than one-half of the voting power of all the directors.

(i) A Director appointed by one of the members with the five largest quotas 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 (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.

7/16/44 Art. XII
Sec. 3

(p. 30) (j) The Board of Governors shall adopt regulations under which a member not entitled to appoint a director under subsection (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,

749013 — 48 — 44

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.

Art. XII
Sec. 3, 4

(p. 31) (c) The managing director and the staff of the Fund, in the discharge of their functions, 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 of the weight and fineness in effect on July 1, 1944.

(b) Whenever a vote 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 the weight and fineness in effect of July 1, 1944 of net sales out of its currency subscription 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 such United States dollars of its net purchases up to that date of the currencies of other member countries.

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

7/16/44

Art. VII
Sec. 5

(p. 32)

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 part is distributed, two per cent non-cumulative shall be paid, as a first charge against the distribution for any year, to each member on the average amount by which 75 per cent of its quota exceeded the Fund's 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, 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 the provisions of 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.

7/16/44 Art. XII Secs. 6, 7, 8

(p. 33)

Article XIII. ***Offices and Depositories.***

SECTION 1. *Location of offices*

(Text not yet available)

SECTION 2. *Depositories.*

(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 of the holdings 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 expected requirements of the Fund. In an emergency the Executive Directors may transfer all or any part of the Fund's holdings of gold 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.

7/16/44

Art. XIII
Art. XIV
Sec. 1

(p. 34)

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 when they are satisfied that they could, in the absence of such restrictions, settle their balance of payments in a manner which would 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 to buy currency from the Fund under Article XX, Section 4, whether or not it intends to avail itself of the transitional arrangements in Section 2 of this Article, and whether it is prepared to accept the obligations of Article VIII, Sections 2, 3, and 4. A member availing itself of the transitional arrangements may notify the Fund at any subsequent date that it accepts 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

7/16/44 **Art. XIV Secs. 2–4**

operations, (p. 35) 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 particular restrictions, or for the general abandonment of such restrictions as are 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.

SECTION 5. *Nature of transitional period.*

In its relations with member countries, 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 serving written notice on the Fund at its principal office. Withdrawal shall become effective on the date such notice is received.

7/16/44 **Art. XIV Sec. 4 Art. XV Sec. 1**

(p. 36)

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 affect 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 aggregate voting power.

(c) Regulations shall be adopted to insure 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 C shall apply to the settlement of accounts.

7/16/44 Art. XV Secs. 2, 3

(p. 37)

Article XVI—*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 decide 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, Schedule C, paragraph 7, and Article XVIII, paragraph (c).

(c) Liquidation shall be effected in accordance with the provisions of Schedule C.

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 by a majority of the aggregate votes, 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 aggregate votes, 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

7/16/44 Art. XVI
Art. XVII

to withdraw from the Fund; (p. 38) (ii) the provision that no change in a member's quota shall be made without its consent; (iii) the provision that no change may be made in the par value of a member's currency except on the initiative of that member.

(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 paragraph (a) above, any member may require that the question be submitted 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 country which has ceased to be a member, 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 country

Art. XVIII

involved and an umpire who, (p. 39) 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 determine.

(b) The "official holdings" of a member means holdings of a member and of its Central Bank and other official institutions, and also any holdings of other banks within its jurisdiction which, in the particular case, the Fund, after consultation with the member, deems to be official holdings on the ground that they are substantially in excess of working balances. [Text to be supplied to take care of state trading companies.]

(c) 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 XIII, 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.

7/16/44 Art. XIX

(p. 40) (d) A member's "monetary reserves" (that is, its "net official holdings of gold and convertible currencies") shall be calculated by deducting its liabilities which are the counterpart of other countries' official holdings of convertible currencies (whether such countries be members or non-members specified under (3) above), from the sum of its own official holdings of gold and its own official holdings of convertible currencies.

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

(f) The Fund, after consultation with a member which is availing itself of the transitional arrangements under Article

XIV, 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.

(g) For the purpose of calculating initial gold subscriptions under Article III, Sections 3 and 4, a member's "net official holdings of gold and United States dollars" shall consist of its official holdings of gold and United States currency, after deducting official holdings by other countries of its currency carrying specified rights of conversion into gold or United States currency.

7/16/44 Art. XIX

(p. 41)

8. "Current transactions" shall be deemed to include, but without limitation:

- (i) payments due for goods currently imported or exported;
- (ii) payments due for shipping, insurance, banking and similar services, and payments for personal services;
- (iii) payments arising from travel and tourist expenditures;
- (iv) payments due for royalties on motion pictures, copyrights, patents and similar rights;
- (v) payments due as interest on loans, dividends on securities, and income from other property or business;
- (vi) payments due as taxes, fees and similar obligations to a government, its political sub-divisions, or its agencies;
- (vii) payments due on maturing obligations for the above where the obligations were incurred within one year and
- (viii) Reasonable amortization and depreciation.

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, but in no event before May 1, 1945.

Art. XX
Sec. 1

(p. 42)

SECTION 2. *Signature.*

(a) Each government signing this agreement 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 its signature except that no government shall become a member before May 1, 1945 or before governments having sixty-five percent of the total of the quotas set forth in Schedule A have signed this Agreement and deposited the instrument referred to in (a) above.

(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.

(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-twentieth 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

Art. XX
Sec. 2

special deposit (p. 43) 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.

SECTION 3. *Inauguration of the Fund.*

(a) As soon as this Agreement comes 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

7/16/44 Art. XX Sec. 3

largest quotas are set forth in (p. 44) 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 B and shall remain in office until 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 of the powers delegable to regular executive directors.

SECTION 4. *Initial Determination of Par Values.*

(a) When the Fund is of the opinion that it shortly will be prepared 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 shall be required to make such a communication while its metropolitan territory is a theater of major hostilities or for such further period 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

7/16/44 Art. XX Sec. 4

to in (a) above has been received, (i) the member (p. 45) 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 day 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 may buy from the Fund with its currency the currency of other members to the full extent permitted in this Agreement, provided that the Fund has begun exchange transactions in the currencies of members.

(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 buy from the Fund with its currency the currency of other members at the par value communicated under (a) above but only under such conditions and in such amounts as may be prescribed by the Fund.

(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.

Art. XX
Sec. 4 (cont.)

(p. 46) (f) 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 Article XX, Section 2(g). 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 and, if the member does so, the provisions of the preceding paragraphs shall apply to each of these currencies separately.

(g) 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.

(h) 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 other members.

(i) The par values of the currencies of governments which indicate their desire to become members after the date fixed in Article XX, Section 2(e), shall be determined in accordance with the provisions of Article II, Section 2.

Art. XX
Sec. 4 (cont.)

(p. 47)

SCHEDULE H

Quotas

(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.

Sched. A

(p. 48)

SCHEDULE B

Election of Executive Directors

1. 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 receives less than nineteen percent of the total 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 all or part of whose votes for a person elected are deemed under the following paragraph to have raised the votes cast for that person above twenty percent of the total eligible votes.

4. In determining whether any part of the votes cast by a governor are to be deemed to have raised the total of any person above twenty percent of the total 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.

7/16/44 Sched. B

(p. 49) 5. Any governor whose votes are partly not in excess and partly in excess of twenty percent shall be eligible to vote in the second ballot only to the extent of the votes in excess.

6. If in the second ballot, five persons are not 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).

(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.

7/16/44 Sched. B

(p. 50) (f) A majority of the votes participating 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 eligible to participate in his election.

SCHEDULE C

Settlement of Accounts with Members Withdrawing

1. The Fund shall be obligated to pay to the 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 from it in its currency, including charges accruing after the date of its withdrawal; but no payment shall be made until six months after the date of withrawal. 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 amounts 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.

Schedule C

(p. 51) 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 under Article VIII, Section 4. 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 paragraph 4 above.

7/16/44 Schedule C

(p. 52) 6. The withdrawing member guarantees the unrestricted use at all times of the currency disposed of under paragraphs 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 paragraph 4 and 5 above.

7. In the event of the Fund going into liquidation under Article XVI 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.

SCHEDULE D

Administration of Liquidation

1. 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 paragraph 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. The distribution to each member shall be in proportion to the amount by which its quota exceeds the Fund's holdings of its currency.

7/16/44 Schedule D

(p. 53)

(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 distribution 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 currencies of other members apportioned to it shall be used by the Fund 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)

749013 — 48 — 45

above. Each amount so redeemed shall be redeemed in the currency of the member to which it was apportioned.

Schedule D

(p. 54) (6) After carrying out the preceding paragraphs, the Fund shall pay to each member the 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 obligated to redeem its currency under paragraph (3) 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.

7/16/44 Sched. D

Document 414

CI/SP/2

Report of the Special Committee on Unsettled Problems of Commission I

July 15, 1944

The Committee met at 8:30 a.m., July 15.

The Committee considered and approved a text on the Initial Determination of Par Values which has been distributed as Document No. 405.

The Committee also considered Article I, paragraph (b) on the

Purposes of the Fund and agreed to recommend that the words "and real income" be added after "employment" and that "whatever the stages of their economic development" be added after "of all members" (Document No. 321, page 1). The Committee then considered the question of the language of Article III, Section 3 (Document No. 321) in its application to liberated countries and agreed to recommend that the exact language on this Section should be referred to the Drafting Committee.

The Committee also agreed upon an amendment to Article V, Section 7 (item 5(b) on page 3 of Document No. 374) dealing with the acquisition of gold by the Fund from member countries and making certain temporary exceptions for newly-mined gold in occupied countries. It also discussed the question of giving the Fund authority to take emergency action, but did not reach final agreement on the exact revisions to be suggested.

The Committee agreed upon a change in the wording of Article IX (Document No. 321) relating to changes in the par value of currencies which do not affect the international transactions of members of the Fund. The Committee also agreed on proposed language for Article XII, Section 2, (page 24 of Document No. 321) dealing with Depositories, which has been circulated as Document No. 403.

All of these matters were reported orally to the Commission by the representative of the United States on the Special Committee, and the action taken thereon by the Commission is stated in the minutes of the meeting of the Commission which followed immediately upon adjournment of the Special Committee (Document No. 409).

Document 415

CI/SP/3

Report of the Special Committee on Unsettled Problems of Commission I

***July* 16, 1944**

The Committee met at 8:30 p.m., July 15, with the following members present: The United States, Chairman; Belgium; Brazil; China; Cuba; Czechoslovakia; French Delegation; India; Netherlands; New Zealand; United Kingdom.

The Committee considered again Article I(b) on the purposes of the Fund and agreed upon a text which was referred to the Drafting Committee for inclusion in its report at the next meeting of the Commission. The Committee then considered at length the provisions of the Article on Definitions. The Committee agreed on the definitions of monetary reserves and current transactions. In defining monetary reserves it agreed on the definition of "net official holdings of convertible currency" which is a necessary element in the definition of "monetary reserves".

The text of these provisions was referred to the Drafting Committee for final clarification of language and for inclusion in the report of the Drafting Committee to the next meeting of the Commission.

The Committee also considered revisions in the language of Article V which deals with "Other acquisitions of gold and of convertible currency by the Fund". Agreement was reached on a revised text of these provisions and was referred to the Drafting Committee for inclusion in the report of the Committee at the next meeting of the Commission.

The Committee then considered the whole question of filling in the dates in various Articles of the Agreement which relate to the coming into force and signature of the Agreement but did not complete its consideration of this problem before adjournment.

Document 416

(p. 1H) SA/1/68

Article I

Alternative L

At its meeting at 8:30 p.m. on July 15 the Special Committee on Unsettled Problems agreed on the following wording for this paragraph:

(b) 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.

7/16/44 J.S. Art. I

Document 417

SA/1/69

ALTERNATIVE A

Definitions

For the purpose of implementing the provisions of this Agreement, the following definitions shall be applied:

1. A member's "monetary reserves" consist of its net official holdings of gold, convertible currencies of other members, and such non-member currencies as the Fund may determine.

"Official holdings" include holdings by a member itself, and by its Central Bank and other official institutions, and also any holdings by other banks within its jurisdiction which, in the particular case, the Fund, after consultation with the member, regards as falling within the official category on the ground that they are substantially in excess of working balances.

2. A member's "official holdings of convertible currencies" consist of its official holdings of the currencies of other members who have accepted the obligation of convertibility under Article VIII, Section 2, together with its official holdings of such non-member currencies as the Fund may from time to time determine. The term "currency" for this purpose includes without limitation coins, notes, bank balances, bank acceptances, and Government obligations issued with a maturity of twelve months.

3. A member's "net official holdings of gold and convertible currencies" (that is, its monetary reserves) shall be calculated by deducting its liabilities which are the counterpart of other countries' official holdings of convertible currency (whether such countries be members or non-members specified under (2) above), from the sum of its own official holdings of gold and its own official holdings of convertible currencies.

4. In reckoning the Fund's holdings of a member's currency there is included also securities of the special type provided for in Article III, Section 5.

7/16/44

Art. VII, Sec. 2
Add. Section

(p. 47a) 5. Notwithstanding that a member has not accepted the obligation of convertibility under Article VIII, Section 2, the Fund may rule that certain holdings of its currency, carrying specified rights of conversion into another currency or into gold, are to be regarded as holdings of convertible currency for the purpose of the calculation of monetary reserves.

6. For the purpose of calculating initial gold subscriptions un-

der Article III, Sections 3 and 4, a member's "net official holdings of gold and United States dollars" consist of its official holdings of gold and United States currency, after deduction of official holdings by other countries of its currency carrying specific rights of conversion into gold or United States currency.

7. The Committee decided that the definition of "current transactions" should include normal amortization and the repayment of short term credit arising out of the import of goods and services and that the extensive American proposal should be substituted for Professor Robertson's item 6. The Committee decided in particular that tourist expenditures and depreciation should be included.

8. International transactions on current account, unless the Fund determines otherwise, shall be deemed to include, but without limitation:

(i) payments due for goods currently imported or exported;
(ii) Payments due for shipping, insurance, banking and similar services, and payments for personal services;
(iii) payments arising from travel and tourist expenditures;
(iv) payments due for royalties on motion pictures, copyrights, patents and similar rights;

Art. VII, Sec. 2
Additional Section

(p. 47b)

(v) payments due as interest on loans, dividends on securities, and income from other property or business;
(vi) payments due as taxes, fees and similar obligations to a government, its political sub-divisions, or its agencies;
(vii) payments due on maturing obligations for the above where the obligations were incurred within one year; and
(viii) other payments, such as reasonable amortization and depreciation, which the Fund may from time to time regard as due on transactions on current account.

7/16/44

Art. VII, Sec. 2
Additional Section

Document 419

CII/AH/RP8

Report of Ad Hoc Committee 2

July 16, 1944

The Committee received the report of its drafting sub-committee and approved the following sections which it recommends for adoption by the Commission:

Article III, Section 3
Article IV, Section 6a
Article IV, Section 7

The Netherlands wishes to record its reservations on Article IV, Section 7.

The Committee requests the drafting committee of Commission II to reconcile the text of Article II, section 5(a) with the text here presented for Article III, section 3. The Committee has concluded that capital subscribed under Article II, 4(a) should be available to meet the Bank's obligations as guarantor or issuer of securities, if necessary. The delegation of the U.S.S.R. dissents from this view.

The remaining sections of Article III and IV were referred to a drafting sub-committee.

(p. 1)

Sections Approved by Committee 2.

Article III—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 100% of the unimpaired subscribed capital, reserves and surplus of the Bank.

Article IV—Section 6 (a). *Special Reserve.*

The net amount of commissions received by the Bank under Sections 4 and 6 of this Article shall be set aside as a special reserve, which shall be used only for meeting obligations of the Bank in accordance with Section 7 of this Article.

Article IV—Section 7—*Defaults by the Borrower: Methods of Meeting Obligations on Borrowings of or Guarantees by the Bank.*

In cases of default by the borrower the Bank shall make such arrangements to adjust the borrower's obligations as may be feasible, including arrangements analogous to those provided in Section 4(c), of this Article.

The obligations of the Bank on borrowings or guarantees under Sections 1(b) and 1(c) of this Article shall be met:

(a) First, out of the special reserve provided in Section 6(a) of this Article.

(b) Then, to the extent necessary and at the discretion of the Directors, out of the other resources available to the Bank.

Whenever necessary to meet contractual payments of interest, other charges or amortization on the Bank's own borrowings, or to implement the Bank's obligations with respect to such contractual payments on loans guaranteed by the Bank, the Bank may call an appropriate amount of the unpaid subscriptions of members in accordance with Article II, Sections 4(a) and 4(b). Moreover, the Bank may call an additional amount of such unpaid subscriptions (p. 2) not to exceed in any one year one percent of the total subscriptions of the members in order to charge off such part of the outstanding principal of any such obligations as the Bank deems to be not recoverable.

Document 420

(p. 79)

JOURNAL

UNITED NATIONS
MONETARY AND FINANCIAL CONFERENCE

No. 17 Bretton Woods, New Hampshire July 17, 1944

ORDER OF THE DAY

Meetings for Monday, July 17

10 a.m.	Committee 3c of Commission II	Room A
11 a.m.	Commission I	Auditorium
2:30 p.m.	Committee 2 of Commission II	Room B
5 p.m.	Commission III	Auditorium

(p. 80)

Résumé of Meeting of Commission II

Bank for Reconstruction and Development

(*July* 16, 9:30 *a.m.*)

At the fourth meeting of the Commission, a Subscriptions Committee was appointed which is identical in membership with the Quota Committee of the Fund. This committee was also instructed to consider the title of the "Bank".

The Commission took action on the following documents:

(1) First Report of Committee 3b, Document 352, and supporting Document 372

(2) Second Report of Committee 3b, Document 385, and supporting Document 384
(3) First Report of Committee 3c, Document 338, and supporting Document 371
(4) Second Report of Committee 3c, Document 401
(5) Report of Committee 4, included in Document 359
(6) Report of Committee 2, Documents 394 and 399
(7) Second Report of Drafting Committee, Document 360, with supporting Documents 357, 358, and 359

(The minutes of this meeting are being distributed separately as document no. 423.)

(p. 81)

List of Documents Issued as of July 16, 1944

Subject	*Symbol*	*Doc. No.*
Correction to Minutes of Meeting of Commission I, July 13, 2:30 p.m.	CI/M/4	370 (Correction)
Additional Pages to SA/1—Alternative C (Replacing Alternative B; Revision of Pages 50 and 50a, SA/1/49) (pp. 50c, d, e)	SA/1/66	405
Order of the Day, July 16	GD/41	406
Tentative Suggestion From Special Subcommittee to *Ad Hoc* Committee 3b of Committee 3, Commission II	CII/3/SC/1	407
Journal No. 16	J/16	408
Minutes of Meeting of Commission I, July 15, 12:30 p.m.	CI/M/6	409
Minutes of Meeting of Commission I, July 15, 4 p.m.	CI/M/7	410
News Bulletin No. 22		411
Additional Pages to SA/1—Alternative G, Article III, Section 7 (pp. 11d and e)	SA/1/67	412
Annex to Second Report of Drafting Committee of Commission I (Doc. 321)	CI/DC/5	413
Report of Special Committee on Unsettled Problems of Commission I, July 15	CI/SP/2	414
Report of Special Committee on Unsettled Problems of Commission I, July 16	CI/SP/3	415
Additional Page to SA/1—Alternative L, Article I (p. 1h)	SA/1/68	416
Additional Pages to SA/1—Alternative A, Article VII, Section 2 (pp. 47—47b)	SA/1/69	417
News Bulletin No. 23		418

Document 421

CII/DC/RP5

July 17, 1944

Commission II: Fifth Report of Drafting Committee

At the meeting of the Drafting Committee held on July 16th at 2:30 p.m., to consider the matters referred to it, arising out of the reports submitted to the Commission meeting of the same date, the Committee took the following action:

(1) Document 360 and supporting Documents 357, 358 and 359—Second Report of the Drafting Committee.

(a) Article VII, section 2 ....This section was approved by the Commission but the Drafting Committee felt its meaning could be further clarified. It has therefore amended the section as indicated in SA/4.

(b) Article VII, section 4 ....The Drafting Committee recommends that the sentence, "The Archives of the Bank shall be inviolable" be added.

(c) Article VII, section 7 ....Although approved by the Commission, this section has been amended for improved wording as indicated in SA/4.

(d) Article VII, section 8 ....Although approved by the Commission, this section has been amended for improved wording as indicated in SA/4.

(e) Article VII, section 9 ....This section was referred back to the Drafting Committee, and has been amended for improved wording as indicated in SA/4.

(f) Article VII, Section 10(a)....Deferred till next report.

(g) Article VII, section 10(c) ...Amended by deleting "of its origin" and substituting "it is issued by the Bank."

(2) Document 394—Report of Committee 2.

(a) Article III, section 4 ....Approved.

(b) Article IV, section 2 ....Amended as indicated in SA/4.

(c) Article IV, section 3........Approved.

(d) Article IV, section 4(a)......Amended as indicated in SA/4.

(e) Article IV, section 6........Amended, after consultation with Committee 2, as indicated in SA/4.

(p. 2) (3) Document 372—Working Paper of Committee 3b.

(a) Article V, section 1 ....New section added, as indicated in SA/4.

The inclusion of the new section 1 will require the renumbering of all subsequent sections. SA/4 indicates both the new and the old number.

(b) Article V, section 2
(old section 1) ....Amended as indicated in SA/4.
(c) Article V, section 3(i), (j), (k) and (l)
(old section 2) ....Subsections (i), (j) and (l) approved; (k) amended as indicated in SA/4.

(4) Document 384—Working Paper of Committee 3b.

(a) Article V, section 4..........Approved as to form.
(b) Article V, section 5..........In accordance with the Commission's instructions, the last sentence has been revised to read as follows: "The Committee shall include one or more members of the technical staff of the Bank."
(c) Article V, section 11..........Amended as indicated in SA/4.
(d) Article V, section 12..........Amended as indicated in SA/4.

(5) Document 371—Working Paper of Committee 3c.

(a) Article VI, section 1........Approved.
(b) Article VI, section 2........Approved.

(6) Document 401—Report of Committee 3c.
Because of the deletion of Article VI, section 3, by the Commission on July 16, 1944, the subsequent sections of this article will require renumbering. This has been done in SA/4 with both the old and new numbers being shown.

(a) Article VI, section 3
(old section 4) ....It is felt that the retention of the word "immediately" might create impossible situations. The Drafting Committee, therefore, suggested to Committee 3c that it consider the advisability of allowing some lapse of time between cessation of membership in the Fund and cessation of membership in the Bank, during which time the subject could be voted on.

The Drafting Committee recommends that the Commission endorse the above action.

DEAN ACHESON

Document 423

CII/M/4

Minutes of Meeting of Commission II

BANK FOR RECONSTRUCTION AND DEVELOPMENT

(*July* 16, 1944, 9:30 *a.m.*)

At the opening of the fourth meeting of the Commission, the

Chairman suggested the appointment of a Subscriptions Committee consisting of representatives of:

United States, *Chairman*	French Delegation
Belgium	India
Brazil	Mexico
Canada	New Zealand
China	Norway
Cuba	Union of Soviet Socialist Republics
Czechoslovakia	United Kingdom
Egypt	

He suggested also that the question of the title of the "Bank" should be referred to this Committee. This action was approved.

The Commission then took action on the following documents:

(1) *First Report of Committee* 3*b*, *Document* 352, *and supporting Document* 372

(a) Article V, section 1 ....to Drafting Committee
(b) Article V, section 3, subsections (1), (j), (k), and (l) ....to Drafting Committee

(2) *Second Report of Committee* 3b, *Document* 385, *and supporting Document* 384

(a) Article V, section 4 ....to Drafting Committee
(b) Article V, section 5 ....to Drafting Committee with instructions to make mandatory the inclusion of members of technical staff of the Bank on loan committees.
(c) Article V, sections 7 and 8(a) .deferred for further consideration
(d) Article V, section 10.........deferred for joint consideration by Committee 3b and a Committee 2 subcommittee

(p. 2)

(e) Article V, section 11 ....last paragraph referred to Drafting Committee. (Preceding paragraph of section already approved by Commission.)
(f) Article V, section 12 ....to Drafting Committee

(3) *First Report of Committee* 3c, *Document* 338 *and supporting Document* 371

(a) Article VI, sections 1 and 2..to Drafting Committee
(b) Article VI, section 3 ....rejected
(c) Article VI, sections 5, 6 and 7.referred back to Committee 3c.

(4) *Second Report of Committee* 3c, *Document* 401

Article VI, section 4 ....to Drafting Committee after inserting the word "aggregate" before the word "votes"

(5) *Report of Committee* 4, *included in Document* 359

(a) Article VII, sections 3 and 4..the Reporting Delegate of Committee 4 reported that his Committee had transmitted its draft to the Drafting Committee and accepted the version which now appears as sections 3 and 10 in Document 359

(6) *Report of Committee* 2, *Documents* 394 *and* 399

(a) Article III, section 4
Preamble (1), (4), (5), and (7).to Drafting Committee, as amended, subject to reservations by Czechoslovakia and Yugoslavia on paragraph (7)

(b) Article IV, section 2 ....to Drafting Committee, subject to a reservation by Mexico on subsection (a) and with instructions to give special consideration to whether the word "loaned" at the end of paragraph (a) clearly expresses the intent of the subsection

(p. 3)

(c) Article IV, section ....to Drafting Committee

(d) Article IV, section 4(a)......to Drafting Committee. The last two sentences are to be considered in consultation with special drafting committee of Committee 2. Reservations were entered by Norway and New Zealand.

(e) Article IV, section 6.........referred to Drafting Committee on the same basis as Article IV, section 4(a)

(7) *Second Report of Drafting Committee, Document* 360, *with supporting Documents* 357, 358, *and* 359

(a) Article VII, sections 1, 2, 3, 4, 5, and 6 ....approved by Commission

(b) Article VII, sections 7, 8, and 9 ....approved by Commission, with the Drafting Committee instructed to consider further the possibility of a clearer terminology for the words "other members" as used in these paragraphs.

(c) Article VII, section 10(a) ....approved conditionally by the Commission, subject to some further clarification by the Drafting Committee as to whether any question of substance is involved with regard to "customs duties"

(d) Article VII, section 10(b)....approved by Commission

(e) Article VII, section 10(c)....approved by Commission subject to some further consideration of wording by the Drafting Committee

(f) Article VII, section 11.......approved by the Commission
(g) Article VIII ....approved by the Commission
(h) Article IX, section 3 ....approved by the Commission

(p. 4) The Chairman of the Drafting Committee called attention to the fact that the language in the Fund document relating to the same subjects as articles VIII and IX is not in final form, and the Drafting Committee of Commission II will take into consideration any further changes which may be made in the Fund language in this respect.

Document 424

CII/AH/RP9

Commission II: Report of *Ad Hoc* Committee 3b

Meeting of July 16, 1944

The Committee met at 3:00 p.m. and again at 6:00 p.m. to give further consideration to the matters which had been deferred. These were disposed of as follows:

Article V, SECTION 2. *Voting.* (p. 30 of Doc. #245)

The majority of the members were in favor of giving every member country 100 votes in addition to one vote for each share of stock held, but as there were dissenting views it was agreed to refer the matter to the Commission. Some of the dissentients favored no such additional votes being provided, on the ground that voting power in the case of the Bank (as distinct from the Fund) should properly be based only on the number of shares held, while others proposed as much as 250 additional votes as in the case of the Fund.

Article V, SECTION 3(b). *Executive Directors.* (p. 31, 31g)

The Committee agreed that the number of Executive Directors should be 12; that the 5 members holding the largest number of shares should each have the right to appoint an Executive Director; that in the initial set-up of the Executive Directors the remaining 7 Directors should be elected by all the Governors other than those appointed by the members holding the largest number of shares; and that after two years some recognition should be given to the members which provided the largest net amounts of investment capital in the form of share subscriptions and loans to the Bank as well as loans guaranteed by the Bank, but less any borrowings from the Bank in order to arrive at a net figure.

At the end of the discussion the only difference of opinion centered on the question whether *one* or *two* of the remaining 7 Directors should, after the first two years, be appointed biennially by the member or members (other than the five holding the largest number of shares) which provided the largest amount or amounts of investment capital during the preceding calendar year. As a result of this disagreement the matter was referred to the Commission for decision.

For the proposed wording of Section 3(b), see attached sheet (Appendix 2).

The remaining paragraphs of Section 3 were accepted, subject to appropriate draft changes in Schedule B to conform to the number of elected Directors ultimately decided upon (see attached sheet).

SECTION 8(b). *Depositories* (p. 36). The previous language was accepted after being revised to make it consistent with the corresponding provisions of the Fund draft (see attached sheet). The delegation of the U.S.S.R. made a reservation in respect of the last sentence, which they proposed to be deleted.

(p. 2) SECTION 10. *Protection of Assets.* (p. 38). As was verbally reported to the Commission on July 16, this section has been approved, following the Fund language and including the last section, covering a uniform change in par values of currencies of all members.

This completes consideration of all sections assigned to this *ad hoc* committee.

M. H. DE KOCK
Reporting Delegate

APPENDIX 1

COMMITTEE 3 OF COMMISSION II

SUBCOMMITTEE 3B

Résumé of Actions of Meetings July 15 *and* 16, 1944

Article V, Section 2, Alt. A p. 30	Accepted with 100 votes from members, subject to reporting minority dissenting to Commission II.
Article V, Section 3, Alt. A pp. 31-31c and Alt. C. pp. 31g-31i	Accepted, with amendment and revision, subject to disagreement being reported to Commission II.
Article V, Section 8b, Alt. A p. 36	Accepted Fund language, subject to reservation on last sentence by U.S.S.R. being reported to Commission II.
Article V, Section 10, Alt. A p. 38	Accepted Fund language.

APPENDIX 2

Working Papers for Drafting Committee of Commission II

Provisions Recommended by Ad Hoc Committee 3c

Article V

Doc. 245 p. 30 SECTION 2. *Voting*

Each member shall have (100 votes plus) one (additional) vote for each share of stock held.

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

Doc. 245 p. 31 SECTION 3. *The 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) (1) There shall be twelve Executive Directors to be appointed or elected every two years in accordance with the following provisions.

(2) Five of the Executive Directors shall be appointed by the five members having the largest number of shares.

(3) (i) At the first election the remaining seven Executive Directors are to be elected according to Schedule B.

(ii) At the end of the first two years, *i.e.*, at the second election and thereafter at all successive elections (one) (two) Directors out of the seven previously to be elected shall be appointed and only (five) (six) shall be elected. The appointments shall be made by (that one member) (those two members), other than the five with the largest number of shares, whose net contributions to investment capital for or through the Bank, consisting of subscriptions, loans to the Bank, and purchases of obligations guaranteed by the Bank, minus all borrowings which (it) (they) might have made from the Bank, directly or indirectly, are the highest.

(4) The elected Executive Directors shall be elected biennially in accordance with Schedule B. All Governors shall be eligible to vote

except those representing member which have appointed an Executive Director under Paragraph (2) or (3).

(p. 2)

(c) Every Executive Director may 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) 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.

(e) In order to constitute a quorum for any meeting of the Executive Directors, there must be present a majority of the Directors representing not less than one-half of the voting power of all the Executive Directors.

(f) Each appointed Director shall be entitled to cast the number of votes allotted under Section 3(b) to the member appointing him. Each elected Director shall be entitled to cast the number of votes allotted to all countries voting for him under Section 3(b). Each Executive Director shall cast all of the votes to which he is entitled as a single unit.

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

(h) The Board of Governors shall make regulations containing provisions under which a member which is not entitled to appoint an Executive Director under (b) above shall be permitted to 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.

(Subsection (i) to (l), inclusive, have already been approved by the Committee and Commission.)

(m) The Executive Directors may appoint such committees as they deem advisable. Members of such committees need not be limited to Governors or Executive Directors or their alternates.

(n) The Board of Governors shall determine the re-

749013 — 48 — 46

muneration to be paid to the Executive Directors and the salary and terms of service of the President.

SCHEDULE B

Doc. 245 (a) to (e), p. 31c, 31d

Same as pp. 31c, and 31d, Doc. 245, (with appropriate drafting changes to conform to numbers of elected Directors decided upon.)

Doc. 245 p. 36

SECTION 8. *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.

(p. 3) (Fund) Doc. 403

(b) The Bank may hold other assets, including gold, in designated depositories in the five members having the largest quotas and in such other depositories as the Bank may select. Initially at least one-half of the holdings of the Bank shall be held in the designated depository in the member in which the Bank has its principal office and at least 40 percent of the holdings shall be held in the other principal four depositories. However, all transfers of gold by the Bank shall be made with due regard to the costs of transport and expected requirements of the Bank. In an emergency the Executive Directors may transfer all or any part of the Bank's holdings of gold to any place where it can be adequately protected.

(Fund) Doc. 321 pp. 7, 8

SECTION 10. *Maintenance of Gold Value of the Bank's Assets.*

(a) The gold value of the assets of the Bank 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 Bank, depreciated to a significant extent within that member's territories, the member shall compensate the Bank by paying to the Bank within a reasonable time an amount of its own currency equal to the reduction in the gold value of its currency held by the Bank.

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

(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 Bank decides otherwise.

Document 425

CIII/1/RP1

Report Submitted to Commission III by Committee 1 on the Use of Silver for International Monetary Purposes

(To be presented at meeting of Commission III, July 17, 1944)

Bretton Woods, *July* 17, 1944

MR. CHAIRMAN:

At the second meeting of Commission III held at five o'clock on July 10, 1944, Committee 1 was appointed to consider the proposal on silver submitted by the Mexican Delegation. The proposal is designated as #1 in the Report of the Agenda Committee (Document #235).

It is the recommendation of Committee 1 that Commission III report to the Plenary Session as follows:

"The problems confronting some nations as a result of the wide fluctuation in the value of silver were the subject of serious discussion in this Commission. 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 the Commission that the subject should merit further study by the interested nations."

Signed ——————————(Peru)
ANDRES F. DASSO, *Chairman*

Signed ——————————(China)
KUO-CHING LI, *Reporter*

To the Honorable Eduardo Suarez
Chairman of Commission III

Document 426

SA/4

Draft Proposals for the Establishment of a Bank for Reconstruction and Development

There is attached the latest revision of SA/3. Texts of Articles I, II, III, IV and V, which have been approved by the Commission, the Drafting Committee, or both, are included. The remaining Articles will be issued as soon as possible.

Title

The question of the title of the institution has been referred to the Subscription Committee.

7/17/44

(p. 2)

Article I

Purposes of the Bank

The Purposes of the Bank are:

1. To assist in the reconstruction and development of member countries 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.

2. 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 financing by providing capital for productive purposes out of its own resources on suitable conditions.

3. 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 member countries, thereby assisting in raising productivity, the standard of living and conditions of labor in member countries.

4. To coordinate loans made or guaranteed by it with international loans through other channels so that the more useful and urgent projects, large and small alike, will be dealt with first.

5. To conduct its operations with due regard to the effect of international investment on business conditions in member coun-

tries and, in the immediate post-war years, to assist in bringing about a smooth transition from a wartime to a peace-time economy.

The Bank shall be guided in all its decisions by the purposes set forth above. (Approved by Drafting Committee Doc. #340.) (Approved by Commission, 7/13/44.)

7/17/44 Art. 1

(p. 3)

Article II

Membership in and Capital of the Bank

SECTION 1. *Countries Eligible for Membership*

The members of the Bank shall be those members of the International Monetary Fund which accept membership in the Bank.

(Approved by Drafting Committee—Doc. 389)

7/17/44 Art. II Sec. 1

(p. 4)

Article II

SECTION 2. *Authorized Capital*

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 ————. 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.

The capital stock may be increased when the Bank deems it advisable by three-fourths of the aggregate votes.

(Approved by Drafting Committee—Doc. 389)

7/17/44 Art. II Sec. 2

(p. 5)

Article II

SECTION 3. *Subscription for Stock*

Each member shall subscribe for shares of stock. The minimum numbers of shares to be subscribed by countries represented at the United Nations Monetary and Financial Conference shall be those set forth in Schedule A. (Schedule A to be added later.) The minimum number of shares for other countries which become members of the Bank shall be determined by the Bank.

Any member may subscribe for additional shares of stock in accordance with rules to be established by the Bank, except that a part of the authorized capital shall be reserved by the Bank for minimum subscriptions of countries not represented at the United Nations Monetary and Financial Conference.

If the total capital stock is increased, each member's share shall be increased pro rata, but no member shall be obligated to increase its subscription unless it so desires.

(Approved by Drafting Committee—Doc. 389)

7/17/44 Art. II Sec. 3

(p. 6)

Article II

SECTION 4. *Division and Calls of Subscribed Capital*

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

(a) twenty percent shall be callable by the Bank as needed for its operations;

(b) the remaining eighty percent shall be callable by the Bank only when required to implement obligations of the Bank created under IV 1(b) and (c) below.

Calls on unpaid subscriptions shall be uniform on all shares.

(Approved by Drafting Committee—Doc. 391)

7/17/44 Art. II Sec. 4

(p. 7)

Article II

SECTION 5. *Payments of Subscribed Capital*

(a) Payments due in gold and local currency.

(i) Of the amounts payable under II 4(a) twenty percent shall be payable in gold, but if the Bank is satisfied that in the circumstances of a member a lower proportion is appropriate, the proportion of gold may be less than twenty percent provided that this proportion shall in no case be less than ten percent. The remainder may be paid in the local currency of the member.

(ii) Payments under II 4(b) shall at the option of the member be made either in gold or in the currency required to implement the obligations with respect to which a call is made.

(b) Time of payment.

In respect of the amount callable under II 4(a);

(i) two percent of the subscription of each member country shall be paid in gold or U. S. dollars within 60 days after the date set for the operation of the Bank;

(ii) the remaining eighteen percent shall be paid in maximum amounts of five percent in any three months period as needed for any of its operations provided that not less than ten percent in the aggregate shall be called within one year.

(Approved by Drafting Committee—Doc. 391)

7/17/44 Art. II Sec. 5

(p. 8)

Article II

SECTION 6. *Issue Price of Shares.*

Shares of stock included in the initial subscription of a member represented at the United Nations Monetary and Financial Conference shall be issued at par if the subscription is received not later than one year after the date set for operations of the Bank to begin. Other shares shall be issued at par or in special circumstances on such terms as may be fixed by majority vote of the Bank.

(Approved by Drafting Committee—Doc. #389)

7/17/44 Art. II Sec. 6

(p. 9)

Article II.

SECTION 7. *Limitation on Liability.*

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

(Approved by Drafting Committee Doc. #340)
(Approved by Commission 7/13/44)

7/17/44 Art. II Sec. 7

(p. 10)

Article II.

SECTION 8. *Disposal of Shares Limited.*

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

(Approved by Drafting Committee Doc. #340)
(Approved by Commission, 7/13/44)

7/17/44 Art. II Sec. 8

(p. 11)

Article II.

SECTION 9. *Return of Subscriptions.*

When the liquid resources of the Bank are substantially in excess of prospective needs, the Bank may return, subject to call, uniform amounts on all shares of stock outstanding, provided always that the amounts returned do not encroach upon the amounts of currency and/or gold to be held available pursuant to Article III, Section 3.

(Approved by Drafting Committee Doc. #389)

7/17/44 Art. II Sec. 9

(p. 12)

Article III

SECTION 1. *Use of Resources.*

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.

(Approved by Drafting Committee Doc. #340)
(Approved by Commission 7/13/44)

7/17/44 Art. III Sec. 1

(p. 13)

Article III

SECTION 2. *Agencies Dealing with the Bank.*

Except as otherwise indicated in this Agreement, the Bank shall conduct its business only with or through the governments of the members, their central banks, stabilization funds, and other similar fiscal agencies, the International Monetary Fund, and other international agencies participated in primarily by members of the Bank.

(Approved by Drafting Committee Doc. #389)

7/17/44 Art. III Sec. 2

(p. 14)

Article III

SECTION 3. *Limitation on Loans and Guarantees*

(In Committee 2.)

7/17/44 Art. III Sec. 3

(p. 15)

Article III

SECTION 4. *Conditions on which Bank may Guarantee or make loans.*

The Bank may guarantee, participate in, or make loans to the government of any member, political sub-divisions thereof, and business, industrial, and agricultural enterprises therein, subject to the following conditions:

(1) The government of the member in which the project is located or the central bank or some comparable agency of the government of the member which is acceptable to the Bank fully guarantees the payment of interest and other charges on the loan and repayment of the principal.

(2) The Bank is satisfied that in the prevailing market conditions the borrower would be unable otherwise to secure the funds under conditions which in the opinion of the Bank are reasonable for the borrower.

(3) A competent committee, after a careful study of the merits of the proposal, has submitted a written report recommending the project.

(4) 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.

(5) In making or guaranteeing a loan the Bank shall pay due regard to the prospects that the borrower will be in position to meet its obligations under the loan; and the Bank shall act prudently in the interest both of the borrower and also of the guaranteeing members.

(6) In guaranteeing a loan made by other investors, the Bank receives compensation for its risk.

(7) Loans made or guaranteed by the Bank, except in special circumstances, shall be for the purpose of specific projects of reconstruction or development.

(Approved by Drafting Committee. Doc. #421)

Art. III
Sec. 4

(p. 16)

Article III

SECTION 5. Now incorporated in Article IV, Section 3.

7/17/44

Art. III
Sec. 5

(p. 17)

Article III

SECTION 6. *Use of loans guaranteed, participated in or made by the Bank.*

(a) The Bank shall impose no conditions as to the particular member in which the proceeds of a loan shall be spent.

(b) The Bank shall make arrangements to assure 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 regardless of political or other non-economic influences or considerations.

(c) In addition to any other action which the Bank may take to implement the provisions of subsection (b) above with respect to loans it makes, it shall credit the account of the borrower with the amount of the loan and shall make payment from the account only to meet expenses as they are actually incurred.

(Approved by Drafting Committee Doc. #389)

7/17/44 Art. III Sec. 6

(p. 18)

Article IV

Operations

SECTION 1. *Methods of facilitating provision of loans.*

The Bank may facilitate the provision of loans which satisfy the general conditions of Article III in any of the following ways:

(a) By direct loans out of the Bank's own capital paid in under Article II, Section 4(a).

(b) By direct loans out of funds raised by the Bank in the market of a member.

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

(Approved by Drafting Committee Document #389.)

7/17/44 Art. IV Sec. 1

(p. 19)

Article IV

SECTION 2. *Loans from subscribed capital and borrowed Funds, and Guarantees of Loans*

(a) Expenditures out of loans made by the Bank under Section 1(a) of this Article from currency subscribed under Article II, Section 4(a) shall require the approval in each case of the member whose currency is to be loaned.

(b) The Bank may borrow funds under Section 1(b) of this Article or guarantee loans under Section 1(c) of this Article only with the approval of the member in the market of which the funds are raised and only if that member agrees that the proceeds may be transferred to any member as foreign exchange.

(Approved by Drafting Committee–Doc. 421)

7/17/44 Art. IV Sec. 2

(p. 20)

Article IV

SECTION 3. *Provision of Currencies for Direct Loans*

The following provisions shall apply to direct loans under Section 1(a) and 1(b):

(a) The Bank shall furnish the borrower with such currencies of other members as are needed by the borrower for expenditures in such countries in connection with the loan. If any such currency is not available in whole or in part out of funds provided under 1(a) or 1(b), the Bank may supply such currency in such other manner as it may determine subject to Section 8 of this Article.

(b) The Bank may, in exceptional circumstances when the local currency required for the purposes of the loan cannot be raised on reasonable terms in the borrowing member's own currency, itself provide an appropriate part of the loan in that currency.

(c) The Bank, if the project or program gives rise indirectly to an increased need for foreign exchange by the borrowing member, may in exceptional circumstances provide to the borrower as part of the loan 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 cases, at the request of a member in which 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 to exceed the amount by which the expenditure of the loan in that member gives rise to an increased need for foreign exchange.

(Approved by Drafting Committee–Doc. 421)

7/17/44

Art. IV
Sec. 3

(p. 21)

Article IV

SECTION 4. *Payment Provision for Direct Loans*

Loans made directly by the Bank under Section 1(a) or (b) of this Article shall contain the following payment provisions:

(a) The terms and conditions of interest, amortization, 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(b) 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, and shall be charged on the portion of any such loan not already covered by amortization or sinking fund payments. After ten years, the rate of commission on such loans may be reduced by the Bank in respect of the outstanding portion of such loans if the reserves accumulated out of commissions and other earnings are considered by the Bank to be sufficient. With respect to future loans, the rate of commission shall be determined by the Bank.

(b) In Committee 2.

(c) In Committee 2.

(d) In Committee 2.

(Approved by Drafting Committee Doc. #421)

7/17/44 Art. IV Sec. 4

(p. 22)

Article IV

SECTION 5. *Participations.*

The Bank may participate in loans with its resources except those subscribed under Article II, Section 4(a). Loans participated in by the Bank shall be placed through the usual investment channels.

(Approved by Drafting Committee Doc. #421)

7/17/44 Art. IV Sec. 5

(p. 23)

Article IV

SECTION 6—*Guarantees*

In guaranteeing a loan placed through the usual investment channels, the Bank shall charge a guarantee commission on the outstanding amount of the loan. The rate of the guarantee commission shall be 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, and shall be charged on the portion of any guaranteed loan not already covered by amortization or sinking fund payments. After ten years, the rate of commission may be reduced by the Bank in respect of the outstanding portions of previous loans as well as of future loans if the reserves accumulated out of commissions and other earnings are considered by the Bank sufficient to justify the proposed 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 this is advisable.

Guarantee commissions shall be paid directly to the Bank by the borrower. The Bank shall determine any other terms and conditions of the guarantee.

(Approved by Drafting Committee, Doc. #421)

7/17/44

Art. IV
Sec.6

(p. 24)

Article IV

SECTION 7. *Order of meeting obligations.*

(In Committee 2.)

Art. IV
Sec. 7

(p. 25)

Article IV

SECTION 8. *Miscellaneous Operations*

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

(1) To issue, buy and sell (i) its own securities including securities which have as collateral loans or investments it has made, (ii) securities it has guaranteed, and (iii) securities in which it has invested, provided that the Bank shall obtain the approval of the member in which securities are to be issued, bought or sold, and when the Bank buys securities it has issued, it shall also obtain the approval of the member whose currency will be paid for such securities.

(2) To guarantee securities in which it has invested for the purpose of facilitating the sale of such securities.

(3) To borrow the currency of any member with the approval of that member; and

(4) After consultation with the International Monetary Fund, to buy and sell gold and the currencies of members whenever such transactions are necessary in connection with the operations of the Bank, (p. 25a) provided that, with respect to each transaction, except any transaction undertaken to pay creditors, the Bank shall obtain the approval of the member in which the transaction takes

place and the member whose currency is disposed of by the Bank.

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

(Approved by Drafting Committee Document #340)
(Approved by Commission 7/13/44)

7/17/44 Art. IV Sec. 8

(p. 26)

Article IV (9)

SECTION 9. *Warning to be Placed on Securities.*

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

(Approved by Drafting Committee Doc. #344)
(Approved by Commission 7/13/44)

7/17/44 Art. IV Sec. 9

(p. 27)

Article IV (10)

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 its decisions by the political character of the government 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.

(Approved by Drafting Committee Document #340)
(Approved by Commission 7/13/44)

7/17/44 Art. IV Sec. 10

(p. 28)

Article V

SECTION 1. *Structure of the Bank*

The Bank shall have a Board of Governors, Executive Directors, a President and Staff.

(Approved by Drafting Committee Doc. #421)

7/17/44 Art. V Sec. 1

(p. 29)

Article V

Management

SECTION 2. *Board of Governors* (Old Section 1)

(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 country 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 them, and may be reappointed. No alternate may vote except in the absence of his principal. The Board shall select a Governor or the President as Chairman.

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

(1) Admit new members and determine the conditions of their admission;
(2) Increase or decrease the capital stock;
(3) Require a member to withdraw;
(4) Decide appeals against interpretations of the Agreement by the Executive Directors given on application by a member;
(5) Make agreements to cooperate with other international organizations, other than arrangements of a temporary and administrative character;
(6) Decide to liquidate the Bank;
(7) 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 Executive Directors whenever requested by five members or by members having one-quarter of the aggregate votes.

(p. 29a) (d) In order to constitute a quorum for any meeting of the Board of Governors, there must be present a majority representing not less than one-half of the aggregate votes of the Governors.

(e) The Board may by regulation establish a procedure whereby the Executive Directors, when they deem such action to be in the best interest of the Bank, may obtain a vote of the Governors on a specific question in lieu of 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 any 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.

(Approved by Drafting Committee. Doc. #421)

Art. V
Sec. 2

(p. 30)

Article V

SECTION 3. *Voting* (Old Section 2)

(In Committee 3)

7/17/44

Art. V
Sec. 3

(p. 31)

Article V

SECTION 4. *The Executive Directors* (Old Section 3) (a)-(h) inclusive and (m): In Committee 3.

(i) The Executive Directors shall select a President who shall not be a Governor or an Executive Director. 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. He shall, however, be eligible for election as Chairman of the Board of Governors. The President shall cease to hold office when the Executive Directors so desire.

(j) 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 staff.

(k) The President and the 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 member of the staff in such a way as to interfere with the discharge of his duty.

(l) In appointing the 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.

(Approved by Drafting Committee Doc. #421)

7/17/44 Art. V Sec. 4

(p. 32)

Article V

SECTION 5. *Advisory Council* (Old Section 4)

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

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

(Approved by Drafting Committee Doc. #421)

7/17/44 Art. V Sec. 5

(p. 33)

Article V

SECTION 6. *Loan Committees* (Old Section 5)

The committees required to report on loans under Article III, Section 4, shall be appointed by the Bank, except that each such committee shall include an expert selected by the Governor representing the member in which the project is located. The committee shall include one or more members of the technical staff of the Bank.

(Approved by the Drafting Committee Document #421)

7/17/44 Art. V Sec. 6

(p. 34)

Article V

SECTION 7. *Relationship to Other International Organizations* (old Section 6)

(In Drafting Committee)

SECTION 8. *Location of Offices* (old Section 7)

(In Committee 3)

749013 — 48 — 47

SECTION 9. *Depositories* (old Section 8)

(In Committee 3)

7/17/44 Art. V Secs. 7, 8, 9

(p. 35)

Article V

SECTION 10. *Form of Holdings of Currency* (old Section 9)

The Bank shall accept from any member in place of any part of the member's currency, 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 a credit to the account of the Bank in the territory of that member. This provision shall apply not only to currency paid on subscriptions but also to any currency otherwise acquired by the Bank.

(Approved by Drafting Committee Doc. #340)
(Approved by Commission 7/13/44)

7/17/44 Art. V Sec. 10

(p. 36)

Article V

SECTION 11. *Protection of the Assets of the Bank* (old Section 10)

(In Committee 3)

7/17/44 Art. V Sec. 11

(p. 37)

Article V

SECTION 12. *Publication of Reports and Provisions of Information* (Old Section 11)

The Bank 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 financial position and a profit and loss statement showing the results of its operations.

The Bank may publish such other reports as it deems desirable for carrying out its purposes and policies.

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

(Approved by Drafting Committee Document #421)

7/17/44 Art. V Sec. 12

(p. 38)

Article V

SECTION 13. *Allocation of Income* (Old Section 12)

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

If any part is distributed, two per cent non-cumulative shall be paid, as a first charge against the distribution for any year, to each member on the basis of the amount by which at the end of the fiscal year the amount paid on the par value of its shares exceeds the amount of its currency held by the Bank; and the balance to all members in proportion to their shares. Payments to each member shall be made in its own currency.

(Approved by Drafting Committee Document #421)

7/17/44 Art. V Sec. 13

(p. 39)

Article VI

OLD SECTION 13. Eliminated.

7/17/44 Art. V Material deleted

Document 428

CIII/3/RP1

Report Submitted to Commission III by Committee 3 on Recommendations on Economic and Financial Policy, the Exchange of Information, and Other Means of Financial Cooperation

(To be presented at meeting of Commission III, July 17, 1944)

Bretton Woods, *July* 10, 1944

MR. CHAIRMAN:

At the second meeting of Commission III held at 5:00 p.m. on July 10th, 1944, Committee 3 was appointed to consider proposals for action which had been assigned to it in accordance with the recommendations of the Agenda Committee and to make recommendations to the full Commission concerning action to be taken at this Conference with respect thereto.

Committee 3 wishes to report as follows concerning its decisions and recommendations with respect to the various proposals submitted to it: The full texts on the proposals are set forth in the report of the Agenda Committee (Document No. 235).

The proposal for an international agreement on maintenance of high levels of employment, submitted by the Australian Delegation and designated as No. 5 in the report of the Agenda Committee, was the subject of much discussion. In view, however, of a basic disagreement concerning this proposal, it was the consensus of the Committee that no recommendation should be made but that the Australian Delegation might raise the matter before the full Commission.

The proposal remanded to Commission III from Commission I concerning the settlement of abnormal indebtedness arising out of the war and designated No. 6 of the Report of the Agenda Committee was withdrawn after the following exchange of views took place between the Egyptian and United Kingdom Delegations. They are inserted verbatim in the record by specific request.

Mr. G. F. Bolton of United Kingdom Delegation, "In due time the British Government will invite the Egyptian Government to send their representative to London to arrive at a satisfactory solution of the problem".

Mr. Sany Lackany Bey, Chairman of the Egyptian Delegation, "It gives me great pleasure to hear the statement of the Delegation of the United Kingdom, who are our great friends and allies. We are aware of the difficulties involved, but we feel we are entitled to see some evidence of good will on the part of the United Kingdom. Now that a reassuring statement has come from the Delegation of the United Kingdom I would like to place the fact on record and acknowledge it with thanks".

(p. 2) The proposal concerning the use of a member's gold contribution to the Fund as a coverage for note issue, submitted by the Norwegian Delegation and designated as No. 7 in the Report of the Agenda Committee, was discussed and it was the decision of the Committee that the subject is not a matter on which the Conference should make any recommendation.

The proposal concerning the status of earmarked gold, submitted by the Mexican Delegation and designated as No. 10 in the Report of the Agenda Committee, was considered and it was the decision of the Committee that no action should be taken with respect to this matter.

After discussion the proposal concerning the use of a gold unit in keeping the books of the Fund and of the Bank, submitted by the Norwegian Delegation and designated as No. 11 in the Report of the Agenda Committee, the Committee decided that no action should be taken with respect to this proposal but that decision as to this matter could best be made by the Fund and the Bank at the time of their establishment.

The Committee further decided that the several proposals submitted by Peru, Brazil, Chile, Bolivia, and Cuba, containing recommendations for international consideration and action with respect to other specified international economic problems should be consolidated into one document which might be an appropriate resolution to be adopted by this Conference. Accordingly, the following resolution was drafted and adopted by the Committee. Representatives of the Delegations of Bolivia and Peru expressed a preference for certain alternative language and requested this fact to be noted in the record. However, it is the recommendation of this Committee that Commission III recommend the adoption by the full Conference of the following resolution:

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 in the territories 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 (p. 3) 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.

It is the further recommendation of the Committee that the Chairman of the Commission be empowered to make appropriate modifications in the two "whereas" clauses to incorporate any changes made in the draft Articles of Agreement of the International Monetary Fund, as well as appropriate reference to the Bank for Reconstruction and Development, in the light of action taken by Commission II.

Respectfully yours,

Chairman: (Signed) FERNANDO MARDONES, (Chile)
(Signed) G. E. RIESCO, (Chile)
Reporter: (Signed) IS IBRAHIM ALKEBIR, (Iraq)

Document 429

DP/26

Proposal of the Czechoslovakia Delegation to Commission III of the United Nations Monetary and Financial Conference:

WHEREAS the International Monetary Fund and the Bank of Reconstruction and Development will start their operation probably only a few months after the end of the hostilities in Europe, and

WHEREAS considerable amount of foreign exchange is required to provide the occupied countries with supplies urgently needed to put their economy back to work and

WHEREAS without some replenishment of their inventories the process of recovery will be very much slowed down to the detriment of their own and other nations and

WHEREAS no organization exists to provide them with such assistance,

THEREFORE the United Nations Monetary and Financial Conference recommends to the participating governments to promote through the already existing credit organizations such credit arrangement as to enable the liberated countries to purchase the needed supplies and thus to begin the work of recovery as soon as the conditions will permit it.

Document 430 (389, 391)

CII/DC/RP3A
CII/DC/RP4A

July 17, 1944

Commission II: Addenda to Third and Fourth Reports of the Drafting Committee

(1) Third Report, Document 389, paragraph 3, should be amended by adding a new sub-paragraph as follows:

(e) Article II, Section 9—Approved as recommended by Committee 1b in Document 331.

(2) Fourth Report, Document 391.
"Article III" appearing in paragraph (a) should read "Article II".

CI/M/7A

Document 431 (410)

Commission I: International Monetary Fund

Addendum to Minutes of Meeting of July 15, 1944, 4 p.m.

The India Delegation has called attention to the omission from the fourth paragraph of the Minutes (Document No. 410) of its proposal of Alternative D (SA/1/23, p. 26(e), Document No. 179) which was considered lost as a result of the adoption of Alternative J.

7/17/44

Document 434

SA/4/1

Draft Proposals for the Establishment of a Bank for Reconstruction and Development

There are included in this document the texts of Articles VI, VII, VIII, IX and X insofar as they have been approved by the Commission, the Drafting Committee, or both.

7/17/44

(p. 40)

Article VI

Withdrawal and Suspension of Membership and Liquidation

SECTION 1. *Right of Members to Withdraw.*

Any member may withdraw from the Bank at any time by serving written notice on the Bank at its principal office. Withdrawal shall become effective on the date such notice is received.

(Approved by Drafting Committee Doc. #421)

Art. VI
Sec. 1

(p. 41)

Article VI

SECTION 2. *Suspension of Membership.*

A member country failing to meet any of its obligations to the Bank may be suspended from membership by decision of a majority of the governors, which shall include a majority of the aggregate votes. At the end of one year from the date of suspension, the country shall automatically cease to be a member of the Bank unless a majority of the member countries, voting in the same manner as for suspension, restores the country to good standing.

While under suspension, a country shall be denied all of the privileges of membership except the right of withdrawal, but shall be subject to all of its obligations.

(Approved by Drafting Committee Doc. #421)

Art. VI
Sec. 2

(p. 42)

Article VI

SECTION 3. *Financial Assistance to be Withheld.*

(Rejected by Commission, 7/16/44)

Art. VI
Deleted Section

(p. 43)

Article VI

SECTION 3. (Old Section 4.) *Cessation of Membership in International Monetary Fund.*

Any member which ceases to be a member of the International Monetary Fund shall cease to be a member of the Bank after

———months unless the Bank by 75 percent of the aggregate votes, has agreed to allow it to remain as a member.

(Approved by Drafting Committee as to form—Doc. #421. Number of months to be inserted by Committee 3.)

Art. VI
Sec. 3

(p. 44)

Article VI

SECTION 4. *Settlement of Accounts with Countries Ceasing* (Old Section 5) *to be Members*

(In Committee 3)

SECTION 5. *Assessments to Meet Losses.* (Old Section 6)

(In Committee 3)

SECTION 6. *Liquidation* (Old Section 7)

(In Committee 3)

Art. VI
Sec. 4, 5, 6

(p. 45)

Article VII

Status, Immunities and Privileges of the Bank

SECTION 1. *Purposes of Article.*

To enable the Bank to fulfill the functions with which it is entrusted, the attributions, 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, including the power to take such action as is necessary or appropriate to carry out the provisions of this agreement and, in particular, the power:

(a) To contract;
(b) To acquire and dispose of immovable and movable property;
(c) To institute legal proceedings.

SECTION 3. *Suits Against the Bank.*

"Suits may be brought against the Bank only in a court of competent jurisdiction in a member in which the Bank has an office, has appointed an Agent for the purpose of accepting service or notice of suit, or has issued or guaranteed securities, and only by litigants other than members and those acting for or deriving claims from members. The Bank and its assets of whatsoever nature shall, wheresoever located and by whomsoever held, be exempt and immune from seizure, attachment and execution in advance of final judgment against the Bank."

Art. VII
Sec. 1-3

(p. 45a)

SECTION 4. *Immunity from Other Action.*

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 legislative or executive action whether under legislation or otherwise.

The archives of the Bank shall be inviolable.

SECTION 5. *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 6. *Exemption of Officers and Employees from Suit.*

All Governors, Executive Directors, Alternates, Officials and Employees of the Bank shall be exempt from legal process with respect to acts performed by them in their official capacity except when the Bank waives this immunity.

SECTION 7. *Immunity of Officers and Employees from Restrictions.*

The Governors, Executive Directors, Alternates, Officials and Employees of the Bank who are not local nationals shall be accorded by each member 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 that member to the representatives, officials, and employees of comparable rank of other members.

Art. VII
Sec. 4-7

(p. 45b)

SECTION 8. *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 9. *Privileges of Officers and Employees in Respect of Travel.*

The same treatment in respect of travelling facilities shall be accorded by each member to the Governors, Executive Directors, Alternates, Officials and Employees of the Bank as is accorded by that member to representatives, officials and employees of comparable rank of other members.

SECTION 10. *Immunities from Taxation.*

The following immunities shall be granted in the matter of taxation:

(a) (This section has not yet been finally approved by the Drafting Committee.) The Bank, its assets, property, income and its operations and transactions authorized by this Agreement shall be exempt and immune from all taxation and from all customs duties. The Bank shall also be exempt and 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.

Art. VII
Sec. 8-10b

(p. 45c) (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.

SECTION 11. *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. Each member shall inform the Bank of the detailed action which it has taken to grant the status, immunities, and privileges provided for in this Article.

(Sections 1, 2, 3, 4, 5, 6 and 11, approved by Commission, 7/16/44; but sections 2 and 4 subsequently amended by the Drafting Committee.) (Article VII, except section 10(a), approved by Drafting Committee—Docs. #360 and 421.)

Art. VII
Sec. 10c-11

(p. 46)

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 by a majority of the aggregate votes, the Bank shall, by circular letter, ask all members whether they accept the proposed amendment. When three-fifths of the members, having four-fifths of the aggregate votes, 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 (1) the right to withdraw from the Bank; . . .

[further instances not yet determined]

(c) Amendments will 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.

(Approved by Commission, 7/16/44)
(Approved by Drafting Committee—Doc. #360)

Art. VIII

(p. 47)

Article IX

Interpretation of the Agreement

SECTION 1. *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 of the Bank for their decision. If the question particularly affects any member not represented by an appointed Executive Director, the provisions of Article V, Section 3, shall apply.

(b) In any case where the Executive Directors have given a decision under paragraph (a) above, any member may require that the question be submitted to the Board of Governors whose decision shall be final. Pending the result of the reference to the Board of Governors, 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 liquidation 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. The umpire shall have full power to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

(Approved by Commission, 7/16/44)
(Approved by Drafting Committee—Doc. #360)

Art. IX
Sec. 1

(p. 48)

Article IX

SECTION 2. *Definitions.*

(To be supplied later)

Art. IX
Sec. 2

(p. 49)

Article IX

Alternative A

SECTION 3. *Approval Deemed Given.*

Whenever the approval of any member is required before any act may be done by the Bank, 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.

(Approved by Drafting Committee—Doc. #360)
(Approved by Commission, 7/16/44)

Art. IX
Sec. 3

(p. 50)

Article X

(Final Provisions)

(To be supplied later)

Art. X

Document 435

DP/27

Delegacion del Peru

Statement of the Delegation from Peru on Definite Economic Action Required to Create Conditions Necessary to Make Possible Attainment of the Specific Purposes of the Fund and of the Bank

Peru heartily supports every move to bring about closer cooperation between the nations of the world both in the political field and in the economic field to promote general welfare and to raise the standards of living of the people everywhere. Records of international gatherings are enough evidence of this and more particularly so those of the Montevideo Conference of 1933 and of the meeting at Rio de Janeiro early in 1942 after Pearl Harbour.

In a way it may be said that this Conference represents the first attempt to create a world organization meant as a permanent institution to bring nations together. It is most important, therefore, that all factors be studied carefully so that failure will not attend any such attempt at closer world cooperation, for such failure might well set back its possibility for generations. After all, there is unfortunately so much scepticism among a large proportion of people in all countries about the possibility of world cooperation that the greatest care should be taken so that every forward step proves to be a success, for failure might bring the whole scheme into disrepute. The first steps are the most important because they will show to the unbelievers the feasibility of world cooperation. Once this comes to be generally accepted then it will be possible to be more daring and to risk more because any failures would not endanger the whole movement. There is so much to be gained from world cooperation that no pains should be spared to be sure to get firmly established the foundations on which the whole structure will come to be built.

At the start one should, therefore, set out to study the necessary pre-requisites to the establishment of some such scheme of international monetary cooperation as the one on which this Conference is working. To do this, let us be clear what the plan purports to achieve. It is meant to facilitate exchange transactions and to prevent unnecessary disruptions in the exchange relationships between the different currencies. It would tend to smooth out those temporary difficulties which can be overcome by appropriate help at the right time. It is not meant to provide permanent subsidies to an economy which, for some reason or other, is out of balance or is in need of long term help, to prevent the depreciation of its currency for instance. It is meant, rather, to smooth out differences of a tidal character which ebb for a time only to flow back later. Movements of this kind have often caused unnecessary trouble which might have been avoided if the appropriate machinery had been available to make possible outside help.

It goes without saying that any such mutual help for this kind of emergencies can only be based on an honest realization by the different nations of the world that they all have the same interest at stake; that they stand or fall together; and that nothing that can be harmful to the rest (p. 2) can in the long run be beneficial to any one of them individually. This seems to be the first pre-requisite of the whole scheme as it is of any other kind of world cooperation. To start with it assumes the abandonment of any attempts at prosperity within any one country by voluntary depreciation of its exchange below the level corresponding to the true economic value of its currency.

But there are other pre-requisites of an economic nature which will be necessary for the success of the plan. When it starts functioning, conditions should be such that it will not have to face disruptions of a permanent or acute nature that may prove beyond its scope or with which it may be unable to cope. Great care should be taken that it will only have to tackle such problems as it is meant to. To overlook this would be to take risks of such nature that unless extraordinarily fortunate and unforeseen events were to take place the whole plan might not escape failure.

In the years before the war the principal problem was a strong and persistent current which kept in the red the balance of payments of the debtor countries. There was nothing of a tidal nature in this movement. It was a continuous flow in one direction. It is true that this flow was greatly intensified by transfers of capital and "hot money". But apart from these, if account be only taken of the other items which enter into the balance of payment, there had been a definite trend for quite a number of years so that, even if transfers of capital had been controlled, a deficit would have been shown by the debtor countries. The Fund is not meant to cope with sustained movements of this type; and yet, can anyone feel confident that the war will have changed that trend? If conditions similar to those existing before were to obtain again, would the Fund be able to operate successfully for any length of time? In other words, could it stand the strain of a movement as strong as the one we witnessed in the pre-war years which might exhaust its resources of currency of the creditor countries?

A fundamental matter in exchange stability is the determination of the right parities between the different currencies. Unfortunately, five years of war have brought about such artificial conditions in most countries that it seems practically impossible to foretell what the rates of exchange will tend to be. Take, for instance, the question of the internal purchasing power of the currencies. Production and distribution controls, ceiling prices, subsidies, and innumerable other forms of government interference have brought about, in almost every country, such an artificial state of things that perhaps not many people would venture to say what the relative value of the different currencies might be according to their actual economic value. Yet a mistake in starting with the proper exchange relationships might, to say the least, have the effect of seriously undermining from the very beginning confidence in the success of the whole scheme.

(p. 3) If the world is going to tend towards greater freedom and towards the elimination of as many artificial government controls as possible, as seems to be the general wish, matters like this will become of paramount importance. In the long run, whether official controls remain or disappear, such questions will always be fundamental. It does not seem possible to run the whole economy of countries with a democratic system of government on basically unsound lines. Sanctions of a very severe nature to make people comply with certain regulations cannot have the backing of public opinion for very long. The general outcry is almost bound to be for shortening of the transition period as much as possible so that these shackles be thrown away.

Then there is the question of the peculiar exchange position of the different countries due to the war with which, by its very nature, the plan is not meant to cope. For instance, the indebtedness which has accumulated in the shape of loans of various sorts, large amounts of blocked currencies, and so on. It is evident that these matters have to be tackled before by different means. Otherwise, they would almost be bound to develop such disruptive tendencies as might be capable of wrecking any plan, for they are not only of concern to both debtor and creditor but to other nations as well. We must not forget what a stumbling block to post war world reconstruction the Reparations Problem was last time.

Let us examine one specific case. England has been the world's leading market. Goods from everywhere could reach her ports with every certainty of finding a market where they could be sold and the proceeds transferred to other countries. Could that be the same again as long as the blocked sterling problem is not solved? For as long as it remains unsolved, untold restrictions will have to remain in force and they may well prove unsurmountable difficulties. Now for many new countries, of which Peru happens to be one, the existence of such a problem is a serious matter. England has been the only market on which they could rely in good or bad times, from the very beginning of their trading history, one might say. If this now ceases to be so, where else will they be able to sell freely? Other possible markets still remain closed. Nothing seems to point yet to their being open in the reasonably immediate future. At least a very large proportion of the new countries with a simple economy based on the export of raw materials would be in this same predicament. They would have to face very difficult times which would continue for as long as this problem had to await a solution. If this is not done in advance, nobody can tell for how long it may drag.

There is also the problem of the need of many countries for making large purchases abroad merely to refit their productive equipment which has been deteriorating during the period when replacement of machinery has not been possible. To stand on their feet after the war, countries will have to regain their previous productive capacity and to do that many small nations, at least, will have to import large amounts of machinery and spare parts to refit their equipment and stocks. This may put too severe a strain on the exchange resources (p. 4) of even those countries which have been able to accumulate a certain amount of foreign balances. Where the figures are relatively small, the problem may not be of world importance from the point of view of the amount of help required, but sight should never be lost of the fact that the problem itself, for each of the countries involved, may be of paramount importance. This is particularly so in the case of those nations who in the immediate past have only managed to make small additions to their foreign exchange or gold holdings. As long as such re-equipment only serves the purpose of bringing back their productive capacity to where it was before the war, it cannot be said that any help received from abroad will automatically produce enough exchange for its repayment. Long term help will thus be required, and, unless very insignificant in amount, such long term help could not come within the scope of the International Monetary Fund.

Now it seems as if the World Bank for Reconstruction and Development were to be the type of organization to take care of problems of this character. But account should be taken of the fact that the help needed might have to be of a very long term nature. Otherwise, it might not have the desired effect. If the services of the funds advanced put a severe strain on the economy of the needy country, the help extended would not be really relieving it from its difficulties. The point is that the country receiving help to meet this kind of difficulty should only be called upon to meet obligations arising out of such help when it can afford to do so. After all, the idea is to prevent situations that have arisen from producing their ill effects, and such ill effects can as well be caused by letting the present situation run its course as by being too insistent on prompt repayment of the help granted.

But apart from possible difficulties such as those just mentioned it does not seem possible for a monetary scheme like the Fund to prove workable unless the world is made safe from severe depressions which in the past have acted as strong disruptive forces slowing down economic life in a general way everywhere but with different intensity in each country.

Much of the discussion of these problems that takes place today seems to assume that there will be no other such general depressions in the future. That is something everyone earnestly desires. But whether a scheme of this nature can be based on such an assumption is something which anyone can be forgiven for doubting. When we come to compare the various measures advocated to assure prosperity and full employment permanently in the world we are baffled not only by the disparity of the suggestions but also by the criticism which each one of them seems to imply, in one way or another, of the others. No one can be blamed for being afraid that too much perhaps may be taken for granted; that wishful thinking may be having the better of cold reasoned analysis and that, if and when a depression sets in, it may prove almost as difficult to overcome as in the thirties. Even at present, when in countries at war full employment seems to be the case among the civilian population no one can overlook the fact that men and women will one day be released from the services and other war government agencies (p. 5) and that there will then be millions thrown into the labor market who may only be able to find a job for themselves by displacing those at present occupied.

If a depression were to come, the lot of the small, raw materials exporting countries might indeed be a very difficult one. It was so during the thirties and no one can blame them for being afraid that it may be so again. Supposing they struggle, as some did last time, to maintain stable their rate of exchange by a deflationary policy at home. This led to a general stagnation in economic life which caused unemployment, thus further depressing the standard of living of the people. The only thing left to them then was to go off the gold standard and let the rate of exchange take its course. Well, in such a case, if the Monetary Fund agreement had already been in force, would they have been just as free to make such decisions based on their intimate knowledge of their own problem? After all, it is only natural that countries with the biggest say in the administration of the Fund have their own difficulties and their own problems more in mind when determining its policy. Well now, their policy may not be exactly the one best suited to the small countries struggling with their own peculiar difficulties. Let us consider, for instance, the concrete case of abandoning the stabilization and letting exchange loose to find its own level in a free market, which ten years ago proved to be about the only way out of an extremely difficult situation. The international body in charge of the monetary arrangements might have frowned on such a course. Yet, at the same time, it might not have found fault with large and important countries which, by continuing to adhere to some mistaken policy, might have been the main cause of all the trouble. It may even happen that one or just a few such large countries might have solved the problem of many a small one by changing their fiscal policy, for example, and letting some imports enter their markets from abroad. In fact, by adhering to the wrong fiscal policy, they may not only have been hurting a few small countries but world economy at large. Yet the monetary governing body might have had nothing to say against that. Nobody can question the fact that it is not always the debtor countries that are to blame for disruptions in the relationship of the different economies that so often lead to world depressions. It seems to be rather the case that creditor nations, by not always living up to the obligations inherent in their more fortunate position and by following shortsighted policies, may come to upset world trade, impoverish the lesser countries, and end by being the victims of their own deeds.

It is for these reasons that there seem to be so many misgivings about the possibility of achieving success in the monetary field unless some further progress is made in the matter of avoiding deep depressions which affect the welfare of all countries. These misgivings are particularly common in new raw material producing nations because their economies depend mostly on just a few commodities and yet nothing is being done to provide them with markets on which they can count, capable of absorbing sufficient amounts at (p. 6) reasonable prices. That is why people wonder whether it is possible for any scheme of world monetary cooperation to be successful over a certain period of time as long as such fundamental economic problems as greater freedom of trade and fair security for large groups of producers are not tackled. For if things are left as they were before the war it does not seem unreasonable to fear a repetition of what we witnessed then, when a strong current in the international balance of payments continued in the same direction for quite a number of years keeping in the red the balance of payments of the debtor countries. With this sort of disequilibrium the Fund could not cope.

Perhaps the basic difference between the economies of large industrial countries and of new raw material producing nations is not always given due attention. It is evident that both are seriously affected by world depressions such as the last one, but the effect seems to be deeper in the new country. It is also somewhat of a different character. And then there is always the lack of resources upon which to fall back.

It might be said that the solution lies in the diversification of the economies of new countries, so that they also become industrialized. There is no question that everything possible should be done in that respect and the Bank for Reconstruction and Development may do a great deal of good in this field, but the young industries will be in need of a certain amount of protection from the sort of unfair competition that large manufacturers in the great industrial centers can carry on to prevent them from developing from the very start. It cannot be questioned that we have seen much disloyal competition killing at birth what promised to be healthy enterprises in countries struggling to strengthen their infant industrial development.

We might sum up by saying that there is no question that more can be achieved at present in the way of bringing about closer cooperation between different nations of the world than was perhaps ever possible before. As such a favorable state of mind might not last, an honest attempt should be made now in this direction. But for the very reason that world cooperation is so important, practical steps should only be taken when it becomes pretty evident that enough of every problem has been considered to have reasonable hope of success. Granted this to be so, we might say that perhaps we should not attempt this work piecemeal but rather in a comprehensive way. And yet it must be admitted that though nobody can differ from the "Purposes and Policies of the Fund" as outlined in the first section of the Joint Statement of the Experts, the machinery in view does not give the impression of being comprehensive enough to achieve such aims. The question seems to be whether the International Monetary Fund or the World Bank can stand on its feet unless adequate steps are taken at the same time to have freer trade in the world, to have proper markets for the staple products on which so many national economies depend, and to assure full production and employment and prevent the occurrence of severe depressions. In other words, whether it (p. 7) is possible to have successful monetary cooperation without setting up, at the same time, a comprehensive scheme that will cover the basic economic and financial ground on which monetary matters rest. And this is most important for we should not fail to take advantage of the present mood of public opinion, so much in favor of world cooperation, and at the same time we should not run the risk of bitter disappointment that may set back all attempts at achieving unity of action in the world for very many years to come.

Lord Keynes in his speech in the House of Lords on May 23rd, speaking on the subject of the Monetary Fund, is reported to have said the following:

"If the experts of the American and British Treasuries have pursued the monetary discussions with more ardor, with a clearer purpose and, I think, with more success so far than has yet proved possible with other associated matters need we restrain them? If, however, there is a general feeling, as I think that there is, that discussion on other matters be expedited, so that we may have a complete picture before us, I hope that your Lordships will enforce this conclusion in no uncertain terms. I myself have never supposed that in the final outcome the monetary proposals should stand by themselves."

And Secretary Morgenthau in his opening address after his election to the Chair of the United Nations Monetary and Financial Conference, spoke as follows:

"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."

And further on, in the same address, he said the following:

"But provision for monetary stabilization alone will not meet the need for 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."

It seems sensible to cover the whole economic ground and not to leave some of the problems for later treatment. Measures should be taken in other fields that have a bearing on the whole economic situation as mentioned by Lord Keynes and Secretary Morgenthau in the quotations just given. Mr. Harry D. White implied as much in his opening address at (p. 8) the first meeting of Commission I of the Conference. At the present Conference both the Monetary Plan and the Project of the World Bank can be thoroughly studied and revised with the greatest possible care. That will be so much of the work accomplished. But at this meeting it should be resolved that an Economic Stabilization Commission or a Conference on Commercial Policy be organized at once to seek a solution to those other problems. This Conference has shown how much can be accomplished at these meetings and as some time will elapse before the different nations formally ratify the International Monetary Plan and the World Bank Project, a commission that started working now might be ready with actual proposals in time to allow of their being put into effect all at the same time. Many countries may delay ratification of the Fund and of the Bank on the plea that they do not think the two plans cover the whole ground and that unless a solution is also worked out for the other problems these two cannot be satisfactorily taken care of, and these countries would have no such excuse if they were confronted with a comprehensive scheme taking everything into account.

JUAN CHAVEZ
Delegate

Document 437

CII/AH/RP10

Report of Subcommittee 3-C of Commission II

July 17, 1944, 11:00 *a.m.*

At the third meeting of Subcommittee 3-C, of Commission II, Article VI, Sections 4, 5, 6 and 7 were reviewed. These sections had previously been agreed upon by the committee but because of certain ambiguities in language and of certain other changes considered necessary, the Chairman of Commission II referred the material to this committee for further consideration.

The basic documents reviewed by this committee were 401 and 245, pages 45, 46, 46a, 47, 48 and 48a.

Article VI, Section 6, Alternative A, paragraph (b) read as follows:

> "Repayment to the Bank under this section shall be in currency and gold or gold-convertible exchange in the same proportion as the payments by the Bank for the repurchase of the shares."

In accordance with previous discussions in the meeting of Commission I and as supplemented by discussion of this committee, this paragraph was omitted from the revised text.

The following revised text, representing the consensus of opinion of the committee is attached:

Article VI, Section 4, Alternative E, "Cessation of Membership in International Monetary Fund", page 45b.

Article VI, Section 5 (and 6), Alternative B, "Settlement of Accounts with Countries Ceasing to be Members", page 46b. and 47b.

Article VI, Section 7, Alternative B, "Liquidation", page 48b.

7/17/44

(p. 45b)

Article VI

Alternative E

SECTION 4. *Cessation of Membership in International Monetary Fund*:

Any member which ceases to be a member of the International Monetary Fund shall cease after three months to be a member of the Bank unless the Bank by 75 percent of the aggregate votes, has agreed to allow it to remain as a member.

7/17/44 Art. VI Sec. 4 Alt. E

(p. 46b)

Article VI

Alternative B

SECTION 5. *Settlement of Accounts with Countries Ceasing to be Members*

(a) When a country 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 country in accordance with the provisions in Section 5 (b) and (c) 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 country ceases to be a member of the Bank.

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

(1) No amount shall be paid for shares prior to six months from the date upon which the country ceases to be a member nor thereafter so long as the country, its central bank or any of its agencies remain liable, directly, or contingently, to the Bank, and any amount so withheld may, at the option of the Bank, be applied on any such obligation as it matures. No amount, however, shall be withheld on account of the liability of the country resulting from its subscription for shares under Article II, Section 4 (b).

(2) Payments for shares may be made from time to time to the extent by which the amount due as the repurchase price in Section 5 (a) above exceeds the aggre-

7/17/44

Art. VI
Sec. 5
Alt. B

gate of liabilities in Section 5 (b) (1) (p. 47b) above until the former member has received the full repurchase price.

(3) Payments shall be made in the currency of the country receiving payment or at the option of the Bank in gold or gold-convertible exchange.

(4) In the event any loss is sustained by the Bank on any guarantee, participation in a loan, or loan which was outstanding on the date the country ceased to be a member of the Bank, and the amount of such loss exceeds the amount of the reserve existing on the date the country ceased to be a member, such country shall be obligated to repay upon demand that amount by which the repurchase price of its shares would have been reduced if the loss had been taken into account when the repurchase price was determined. In addition, the former member country shall remain liable

on any call for unpaid subscriptions under Article II, Section 4 (b) 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.

(c) In the event the Bank goes into liquidation within six months of the date upon which any country ceases to be a member of the Bank, all rights of such country shall be determined by the provisions governing liquidation.

7/17/44

Art. VI
Sec. 5
Alt. B

(p. 48b)

Article VI

Alternative B

Section 7. *Liquidation*

In an emergency, the Executive Committee by a majority vote, temporarily may suspend the operations of the Bank, pending an opportunity for further consideration and action by the Board.

The Bank may be voted into liquidation by a majority of the members which shall include a majority of the aggregate votes.

Upon being voted into liquidation, the Bank shall forthwith cease engaging in any activities except those incident to the orderly liquidation, conservation and preservation of its assets and the settlement of its obligations.

The liability of all member countries for uncalled subscriptions to the capital stock of the Bank and their guarantees with respect to the depreciations of their own currencies shall continue until all claims of creditors including all contingent claims shall have been discharged.

Upon liquidation, all creditors holding direct claims shall be paid immediately if the Bank has sufficient assets, and if the assets are not sufficient, the Executive Committee shall pay such creditors as soon as possible out of payments to the Bank or calls on subscriptions, but before making any payments to holders of direct claims, the Committee shall make such arrangements as are necessary, in its judgment, to insure a distribution to holders of contingent claims ratably with creditors holding direct claims.

No distribution shall be made to a member country on account of its capital subscriptions until all claims of creditors, including all contingent claims, have been discharged or have been provided for by the Executive Committee having made arrangements sufficient, in its judgment, to accomplish that purpose.

(Detailed provisions relating to method of distribution to shareholders will be supplied later on basis of principles provided for liquidating the International Monetary Fund.)

7/17/44

Art. VI
Sec. 7
Alt. B

Document 440

(p. 82)

JOURNAL

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

No. 18 Bretton Woods, New Hampshire July 18, 1944

ORDER OF THE DAY

Meetings for Tuesday, July 18

9:30 am.	Special Committee of Commission I	Room A
11 a.m.	Committee 2 of Commission II	Room B
11:30 a.m.	Commission I	Auditorium
4:30 p.m.	Commission II	Auditorium

(p. 83)

ANNOUNCEMENT CONCERNING THE CLOSING PLENARY SESSION

The President of the Conference today* reviewed the status of the work with the Steering Committee of the Conference. It was the unanimous opinion of the heads of the Delegations consulted that agreement on all matters of substance would be reached by Wednesday, the date originally set for adjournment, but that the technical and drafting work will require several more days. It was decided that a closing Plenary Session of the Conference will be held on Saturday, and that the Delegations will leave Bretton Woods on Sunday.

ADDITION TO LIST OF DELEGATES

The name of André Paul Maury, Assistant Delegate of the French Delegation, should be added on page 15 of the printed List of Delegates.

*July 17, 1944.

(p. 84)

List of Documents Issued as of July 17, 1944

Subject	*Symbol*	*Doc. No.*
Additional Page to SA/1—Addition to Article XIX, Section 4, Document 321	SA/1/61	351
Report of *Ad Hoc* Committee 2, Commission II, July 16	CII/AH/RP8	419
Journal No. 17	J/17	420
Fifth Report of Drafting Committee, Commission II	CII/DC/RP5	421
Order of the Day, July 17	GD/42	422
Minutes of Meeting of Commission II, July 16, 9:30 a.m.	CII/M/4	423
Report of *Ad Hoc* Committee 3b, Meeting of July 16, with Appendix I (Resume of Meetings) and Appendix II (Working Papers for Drafting Committee)	CII/AH/RP9	424
Report Submitted to Commission III by Committee 1 on the Use of Silver for International Monetary Purposes	CIII/1/RP1	425
Draft Proposals for the Establishment of a Bank for Reconstruction and Development	SA/4	426
News Bulletin No. 24		427
Report of Committee 3 to Commission III on Recommendation on Economic and Financial Policy, Exchange of Information, and Other Means of Financial Cöoperation	CIII/3/RP1	428
Proposal by Czechoslovakian Delegation to Commission III on Credit Arrangements for Liberated Countries	DP/26	429
Addenda to Third and Fourth Reports of Drafting Committee, Commission II, July 17	CII/DC/RP3A CII/DC/RP4A	430 (389 and 391)
Addendum to Minutes of Meeting, July 15, 4 p.m.—Commission I	CI/M/7A	431 (410)
Press Release No. 32, Remarks Made by Mexican Delegation	PR/32	432
Press Release No. 33, Statement on Closing Conference	PR/33	433
Draft Proposals for the Establishment of a Bank for Reconstruction and Development (pp. 40-50)	SA/4/1	434
Delegation of Peru—Statement on Economic Action Necessary to Implement Purpose of Fund and Bank	DP/27	435
Press Release No. 34	PR/34	436
Report of Subcommittee 3-c of Commission II, July 17	CII/AH/RP10	437
News Bulletin No. 25		438

Document 443

DRAFT TEXT

Final Act of the United Nations Monetary and Financial Conference

Bretton Woods, New Hampshire

July 1 *to July* 22, 1944

7/20/44

(p. 2)

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

Bretton Woods, New Hampshire

July 1 *to July* 22, 1944

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. Brigden, 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

(p. 3)

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 Economics and Financial Studies, Ministry of Finance
Victor Azevedo Bastian, Director, Banco da Provincia 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

(p. 4)

COLOMBIA

Carlos Lleras Restrepo, former Minister of Finance and Comptroller General; *Chairman of the Delegation*

Miguel Lopez 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. Montoulieu, 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*

Antonin Basch, Department of Economics, Columbia University

Joseph Hanc, 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

(p. 5)

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*

Andre Istel, 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 Liautaud, 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*

Ásgeir Ásgeirsson, 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

(p. 6)

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 La Gallais, Minister to the United States; *Chairman of the Delegation*

MEXICO

Eduardo Saurez, 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 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

(p. 7)

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 Arango, 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 Baránski, Director General, Bank of Poland

Zygmunt Karpiński, Director, Bank of Poland

Stanislaw Kirkor, Director, Ministry of Finance

Janusz Zõltowski, Financial Counselor, Polish Embassy, Washington

(p. 8)

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 Bank; *Co-delegate*

UNION OF SOVIET SOCIALIST REPUBLICS

M. S. Stepanov, Deputy People's Commisar 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

749013 — 48 — 49

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

(p. 9)

VENEZUELA

Rodolfo Rojas, Minister of the Treasury; *Chairman of the Delegation*
Alfonso Espinosa, President, Permanent Committee of Finance, Chamber of Deputies
Christóbal 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 States 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

(p. 10) 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. Montoulieu (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. Cáceras (Honduras)
Magnus 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.)

(p. 11) 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 Bopp
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. P. 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 Alames 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

(p. 12)

COMMITTEE 2—Operations of the Bank
Chairman: E. I. Montoulieu (Cuba)
Reporting Delegate: James B. Brigden (Australia)

Secretary: H. J. Bittermann
Assistant Secretary: Ruth Russell

COMMITTEE 3—Organization and Management
Chairman: Miguel Lopez 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 Suarez (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 conclusions were reached:

I

INTERNATIONAL MONETARY FUND

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

II

BANK FOR RECONSTRUCTION AND DEVELOPMENT

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

III

Declaration on . . .
(etc., etc.)

IV

Resolution on . . .
(etc., etc.)

(p. 13) 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:
(To be signed by the Chairman of the Delegation or his designee)
For BELGIUM:
(etc., etc.)

WARREN KELCHNER
Secretary General

Document 447

CI/SP/4

Report of the Special Committee of Commission I

July 18, 1944, 9:30 *a.m.*

The Committee met at 9:30 a.m., July 18, with the following members present: United States, Chairman; Belgium; Brazil; Canada; China; Czechoslovakia; French Delegation; Netherlands; New Zealand; Union of Soviet Socialist Republics; United Kingdom.

In as much as the Committee's report was presented orally at the meeting of Commission I, immediately following, and the recommendations of the Special Committee are incorporated in the minutes of the meeting of the Commission, no separate report is being circulated.

7/18/44

Document 448

CI/DC/6

Second Report of Drafting Committee of Commission I

ANNEX I

TABLE OF CONTENTS

Articles

Schedules

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.

(p. 2)

(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.

(p. 3)

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 notified 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 in (b) (ii) above are not ascertainable because its territories have been occupied by the enemy, the Fund shall fix an appropriate alternative (p. 4) 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.

(p. 5)

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.

(p. 6) (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.

(p. 7) (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(*a*) 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.

(p. 8)

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.

(p. 9)

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 (p. 10) 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.

(p. 11)

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 currencies.*

(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:

(p. 12)

(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.

(p. 13)
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 (p. 14) 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.

(p. 15)

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 transactions 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.

(p. 16)

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 (p. 17) 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 (p. 18) 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) This obligation in (a) above shall not apply

(i) when the convertibility of the balances has been restricted consistently with Article VI, Section 3 or Article VIII, Section 2; 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;

(p. 19)

(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.*,

(p. 20)

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.

(p. 21)

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 adjust-

ments 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.

(p. 22)

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.

(p. 23)

(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 or on 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.

(p. 24)

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.

(p. 25)

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.

(p. 26)

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

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

(p. 27) (b) There shall be not less than twelve and not more than fourteen directors 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.

Persons chosen as directors need not be governors.

(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.

(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.

(p. 28) (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 power, 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.

(p. 29) (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.

(p. 30)

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 of the weight and fineness in effect on July 1, 1944.

(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 400,000 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 400,000 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.

(p. 31)

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.

(p. 32)

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. *Depositories.*

(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.

(p. 33)

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

749013 — 48 — 51

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 (p. 34) 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 intention. 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.

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.

(p. 35)

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.

(p. 36)

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 (e)
(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.

(p. 37)

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 Schedule E, paragraph 7, and in Article XVIII, paragraph (c).

(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);

(p. 38)

(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 paragraph (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 (p. 39) 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 other official institutions and other banks in the territories of other countries.

(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 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.

(p. 40) (e) A member's monetary reserves shall be calculated by deducting from such central holdings the currency liabilities to the Treasuries, Central Banks, Stabilization Funds, or other fiscal similar agencies of other members 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.

(g) The Fund, after consultation with a member which is availing itself of the transitional arrangements under Article XIV, 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 initial gold subscriptions under Article III, Sections 3 and 4, a member's net official 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 transfering capital, and includes, without limitation:

(p. 41)

(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 immigrant 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 investments 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.

(p. 42)

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-twentieth 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.

(p. 43) (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 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 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 (p. 44) 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 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.

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 (p. 45) 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) (p. 46) 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(h) 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) (p. 47) 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.

(p. 48)

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.

(p. 49)

SCHEDULE B

Provisions with Respect to Repurchase by a Member of its Currency

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 these 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.

(p. 50)

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 all or part of 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 any portion of 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 whose votes are partly not in excess and partly in excess of twenty percent shall be eligible to vote in the second ballot only to the extent of the votes in excess.

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.

(p. 51)

(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 in its currency 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 (p. 52) 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 under Article VIII, Section 4. 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.

(p. 53)

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.

(p. 54) 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

749013 — 48 — 52

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.

Second Report of Drafting Committee of Commission I

I have the honour to submit herewith the second and final report of your Drafting Committee. The report consists of the Articles of Agreement of the International Monetary Fund and has been circulated as Document No. 448.

All the material contained in this report has been approved in principle by the Commission at previous sessions. The present report contains, however, a new formulation of certain provisions to which I should specifically draw the attention of the Commission.

These are:

1. Section 7 of Article V on pages 11 and 12 of Document No. 448 on "Repurchase by a member of its currency from the Fund".

2. Paragraph (b) of Section 2 of Article VIII on pages 17 and 18 dealing with the enforceability of exchange contracts contrary to the exchange control regulations of members and measures of cooperation to enforce exchange control regulations.

3. Paragraphs (b) and (c) of Section 5 of Article XII on page 30 of Document No. 448 dealing with special voting provisions.

4. Section 1 of Article XVI on page 36 dealing with temporary suspension of certain provisions of the Agreement in the event of an emergency.

5. Article XIX on pages 39 to 41 dealing with explanation of terms, and

6. Article XX on pages 41 to 47 containing final provisions.

As a result of the dates which, under authority of the Commission, the Special Committee decided to have inserted in (p. 2) Article XX on final provisions, there has also been a consequential change in paragraph (b) (ii) of Section 3 of Article III on page 3 of the document.

I should also draw to the attention of the Commission the fact that certain material which previously appeared in the body of the document has been incorporated in schedules at the end of the document, namely, Schedule B, "Provisions with Respect to Repurchase by a Member of its Currency held by the Fund" (page 49), Schedule D, "Settlement of Accounts with Members Withdrawing" (pages 51-52), and Schedule E, "Administration of Liquidation" (pages 53-54).

I must also ask the members of the Commission to correct certain typographical errors which have been found in Document No. 448.

On page (i) of the Table of Contents, Article V, Section 7, please add the words "from the Fund" to "Repurchase by a member of its currency". On the same page under Article VII, Section 2, please change "maintain" to "replenish".

On page 3, Section 3(b) (ii), please change the word "notified" to "notifies".

On page 7, Section 7, first line, please change "Section 5(a)" to "Section 5(b)".

On page 11, Section 7, please change the heading, "Repurchase by a Member of its Currencies" to "Repurchase by a Member of its Currency held by the Fund".

On page 34, third line, please change "intention" to "retention". Again on page 34, at the end of Section 4, please change "Section 2" to "Section 2(a)".

On page 37, Section 2(b) of Article XVI, please change Schedule E to Schedule D in the last line but one.

(p. 3) On page 40, fourth line under paragraph (e), please change "other fiscal similar agencies" to "similar fiscal agencies", and on the same line, after the phrase "of other members", add the words "or non members specified under (d) above". On page 40, paragraph (h), first line, eliminate the word "initial".

On page 41, fourth line of Section 1 of Article XX, please change "investments" to "instruments".

There will no doubt be other typographical errors or mistaken cross-references discovered when Document No. 448 is re-examined at greater leisure. I would therefore request that the Commission give the Secretariat authority to correct any formal mistakes of this type which may be found after the Commission has finished its work.

Document 449 (supersedes Document 424)

CII/AH/RP11

Commission II: Report of *Ad Hoc* Committee 3b

Meetings of July 16, 1944, *and July* 18, 1944

The Committee met at 3:00 p.m. and again at 6:00 p.m. on July 16, and at 11:30 a.m. on July 18, to give further consideration to the matters which had been deferred. These were disposed of as follows (using old section numbers):

Article V

SECTION 2. *Voting.* (p. 30 of Doc. #245)

The majority of the members were in favor of giving every member country 100 votes in addition to one vote for each share of stock held, but as there were dissenting views it was agreed to refer the matter to the Commission. Some of the dissentients favored no such additional votes being provided, on the ground that voting power in the case of the Bank (as distinct from the Fund) should properly be based only on the number of shares held, while others proposed as much as 250 additional votes as in the case of the Fund.

SECTION 3(b). *Executive Directors.* (p. 31, 31g)

The Committee agreed that the number of Executive Directors should be 12; that the 5 members holding the largest number of shares should each have the right to appoint an Executive Director; that in the initial set-up of the Executive Directors the remaining 7 Directors should be elected by all the Governors other than those appointed by the members holding the largest number of shares; and that after two years some recognition should be given to the members which provided the largest amounts of investment capital through the Bank.

At the end of the discussion there were two differences of opinion. The first of these centered on the question whether *one* or *two* of the remaining 7 Directors should, after the first two years, be appointed biennially by the member or members (other than the five holding the largest number of shares) which provided the largest amount or amounts of investment capital during the preceding calendar year. A majority of the Committee favored *one,* a minority, *two.*

A second disagreement arose on the question whether the measure of investment capital contributed by each country should include the total amount of the share subscription of each member, or only the amount actually put to work. A majority of the Committee favored including the total subscription, as indicated in the language proposed on the attached sheets. The disagreement is therefore referred to the Commission for action.

For the proposed wording of Section 3(b), see attached sheet (page 4).

7/18/44

(p. 2) The remaining paragraphs of Section 3 were accepted, subject to appropriate draft changes in Schedule B to conform to the number of elected Directors ultimately decided upon. (See attached sheet, page 5)

SECTION 8(b). *Depositories.* (p. 36)

The previous language was accepted after being revised to make it consistent with the corresponding provisions of the Fund draft (see attached sheet, page 6). The delegation of the U.S.S.R. made a reservation in respect of the last sentence, which they proposed to be deleted.

SECTION 10. *Protection of Assets.* (p. 38) and

SECTION 12. *Allocation of Income.* (p. 40)

These two sections were reconsidered, in view of the Commission's action at its last meeting and of the changes recommended in the various "gold clauses" in Committee 2. It was decided to appoint a special subcommittee, composed of the U.K., U.S.S.R., U.S.A., and the Union of South Africa members of Committee 3b, to meet with Committee 2 and work out appropriate language to dispose of the difficulties.

SECTION 13. *Regional Offices.*

The proposal suggested by the special subcommittee which had worked on the Board of Directors issue, to establish regional offices with regional advisory boards, was considered, amended to make the establishment of such regional offices permissive rather than mandatory, and approved without dissent.

This completes consideration of all sections thus far assigned to this *ad hoc* committee.

M. H. DE KOCK
Reporting Delegate

7/18/44
(p. 3)

COMMITTEE 3 OF COMMISSION II

SUBCOMMITTEE 3B

Resume of Actions of Meetings July 15, 16 and 18, 1944

Article V, Section 2, Alt. A, p. 30	Accepted with 100 votes from members, subject to reporting minority dissenting to Commission II.
Article V, Section 3, Alt. A, pp. 31–31c and Alt. C, pp. 31g–31i	Accepted, after amendment and revision, subject to disagreements being reported to Commission II.
Article V, Section 8b, Alt. A, p. 36	Accepted Fund language, subject to reservation on last sentence by U.S.S.R. being reported to Commission II.
Article V, Section 10, Alt. A, p. 38, and Article V, Section 12, Alt. A, p. 40	Referred to special subcommittee to meet with Committee 2 and make recommendation to the Commission
Article V, Section 13, Alt. C, p. 31i	Accepted with amendment to make permissive instead of mandatory.

(p. 4)

Working Papers for Drafting Committee of Commission II

PROVISIONS RECOMMENDED BY *Ad Hoc* COMMITTEE 3C

Article V

Doc. 245 p. 30 SECTION 2. *Voting*

Each member shall have (100 votes plus) one (additional) vote for each share of stock held.

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

Doc. 245 p. 31 SECTION 3. *The 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) (1) There shall be twelve Executive Directors to be appointed or elected every two years in accordance with the following provisions.

(2) Five of the Executive Directors shall be appointed by the five members having the largest number of shares.

(3) (i) At the first election the remaining seven Executive Directors are to be elected according to Schedule B.

(ii) At the end of the first two years, i.e., at the second election and thereafter at all successive elections (one) (two) Directors out of the seven previously to be elected shall be appointed and only (six) (five) shall be elected. The appointments shall be made by (that one member) (those two members), other than the five with the largest number of shares, whose contributions to investment capital for or through the Bank, consisting of subscriptions, loans to the Bank, and purchases of obligations guaranteed by the Bank, minus all borrowings which (it) (they) might have made from the Bank, directly or indirectly, are the highest.

(4) The elected Executive Directors shall be elected biennially in accordance with Schedule B. All Governors shall be eligible to vote except those representing members which have appointed an Executive Director under Paragraphs (2) or (3).

(p. 5) (c) Every Executive Director may 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) 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.

(e) In order to constitute a quorum for any meeting of the Executive Directors, there must be present a majority of the Directors representing not less than one-half of the voting power of all the Executive Directors.

(f) Each appointed Director shall be entitled to cast the number of votes allotted under Section 3(b) to the member appointing him. Each elected Director shall be entitled to cast the number of votes allotted to all countries voting for him under Section 3(b). Each Executive Director shall cast all of the votes to which he is entitled as a single unit.

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

(h) The Board of Governors shall make regulations containing provisions under which a member which is not entitled to appoint an Executive Director under (b) above shall be permitted to 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.

(Subsections (i) to (l), inclusive, have already been approved by the Committee and Commission.)

(m) The Executive Directors may appoint such committees as they deem advisable. Members of such committees need not be limited to Governors or Executive Directors or their alternates.

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

SCHEDULE B

Doc. 245 (a) to (e), p. 31c, 31d

Same as pp. 31c and 31d, Doc. 245 [with appropriate drafting changes to conform to numbers of elected Directors decided upon, and to cover methods of electing 7 and (five or six) elected Directors.]

Doc. 245 p. 36

SECTION 8. *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 (p. 6) other institution as may be acceptable to the Bank.

(Fund) Doc. 403

(b) The Bank may hold other assets, including gold, in designated depositories in the five members having the largest quotas and in such other depositories as the Bank may select. Initially at least one-half of the holdings of the Bank shall be held in the designated depository in the member in which the Bank has its principal office and at least 40 percent of the holdings shall be held in the other principal four depositories. However, all transfers of gold by the Bank shall be made with due regard to the costs of transport and expected requirements of the Bank. In an emergency the Executive Directors may transfer all or any part of the Bank's holdings of gold to any place where it can be adequately protected.

Doc. 407 p. 311

SECTION 13. *Regional Offices*

The Bank may establish regional offices for the various regions of the world.

Each regional office shall be assisted by a Regional Board representing the entire region.

The regions covered by each regional office, its location, and the method of appointing the Regional Boards shall be determined by the Board of Governors.

Document 450

(p. 85)

JOURNAL

UNITED NATIONS
MONETARY AND FINANCIAL CONFERENCE

No. 19 — Bretton Woods, New Hampshire — July 19, 1944

ORDER OF THE DAY

Meetings for Wednesday, July 19

9:30 a.m.	Committee 2 of Commission II	Room A
11:30 a.m.	Commission II	Auditorium
2:30 p.m.	Committee 2 of Commission III	Room B
3:30 p.m.	Commission I	Auditorium
5 p.m.	Commission II	Auditorium
8:30 p.m.	Commission III	The Hemicycle

(p. 86)

PROPOSED PROGRAM FOR THE REMAINDER OF THE CONFERENCE

The Secretariat announces for the information of the members of the Conference that the following sequence of meetings is contemplated with a view to the holding of the Closing Plenary Session on Saturday evening, July 22, as announced by the President of the Conference on July 17.

On Wednesday afternoon, July 19, the final sessions of Commission I and Commission III would be held. On Thursday morning, July 20, there would be an Executive Session of the Conference to approve the results of the work of Commission I and of Commission III and to consider the form of the Final Act which is provided for in article 32 of the Regulations of the Conference.

In the afternoon of Thursday, July 20, the final session of Commission II would be held.

In the afternoon of Friday, July 21, there would be held a second Executive Session of the Conference to approve the results of the work of Commission II and to pass upon the last details of the Final Act.

In the evening of Saturday, July 22, there would be a farewell banquet and the Closing Plenary Session of the Conference.

Notice Concerning the Final Act of the Conference

The Secretary General calls the attention of the Conference to article 32 of the Regulations which provides:

> "Art. 32. The conclusions at which the Conference may arrive shall be incorporated in a Final Act which shall be signed by the delegates at the final session."

It is contemplated that the Final Act will, as has become usual in international conferences, take the form of a record of the accomplishments of the meeting. This record will include:

(1) A recital of the fact that the Conference has assembled in Bretton Woods in response to an invitation of the Government of the United States;
(2) A listing of the delegates;
(3) A listing of the officers of the Conference as well as its technical Commissions and Committees; and
(4) The conclusions at which the Conference will have arrived.
(p. 87) This last section will contain the texts of:

(a) Articles of Agreement of the International Monetary Fund
(b) Articles of Agreement of the Bank for Reconstruction and Development
(c) Any other declarations, recommendations, and resolutions which will have been agreed upon by the Conference

This record would be subscribed by the chairmen of the respective delegations accredited to the Conference. The signature of the Final Act, therefore, would be a simple certification by those signing of the accuracy of the record presented.

Résumé of Meeting of Commission I

International Monetary Fund

(*July* 18, 11:30 *a.m.*)

The Commission accepted paragraph (a), article I (Document 321, p. 1), with the insertion of the words "and collaboration", and paragraph (b) reworded as follows:

> "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."

Alternative B was withdrawn and Alternative A accepted (Document 32, p. 31) for article XII (Document 321, p. 23). The Delegate of the United Kingdom announced a reservation with regard to later consideration of the general question of the location of international bodies. Article XII (Document 321, p. 23) was then accepted as a whole. Definitions (Document 417) were approved in principle. The Special Committee was asked to send them to the Drafting Committee with some further clarification. The substance of provisions for emergency circumstances to permit temporary suspension of designated operating provisions was approved and referred to the Drafting Committee. Article XVI (Document 321, pp. 25–26) was adopted. Article VII, section 2(ii) (Document 321, p. 13) was accepted with the wording "require the member to sell its currency to the Fund for gold" and with the recommendation that the Drafting Committee check its consistency with the provision for optional repurchase of currency (J.S. III, 7(a), SA/1, Document 32, p. 11). Article XI, section 2(a) (Document 321, p. 18), was accepted with the deletion of the words "or the Managing Director".

(The minutes of this meeting are being distributed separately as document no. 455.)

(p. 88)

Changes in List of Delegates

On page 29 of the printed List of Delegates, the following changes should be made under "Observers From Public International Organizations":

(1) Under "Economic, Financial, and Transit Department of the League of Nations" the second name should read: "Ragnar Nurkse".

(2) Under "International Labor Office", there should be added as alternate observer, the name of E. J. Riches, Acting Chief, Economic and Statistical Section.

LIST OF DOCUMENTS ISSUED AS OF JULY 18, 1944

Subject	*Symbol*	*Doc. No.*
Additional Page of SA/1	SA/1/61	347 (278)
Order of the Day	GD/43	439
Journal No. 18	J/18	440
News Bulletin No. 26		441
News Bulletin No. 27		442
News Bulletin No. 28		446

Document 452

CII/2/RP1

Report of Committee 2, Commission II

Meeting of July 18, 1944

The Committee approved a new Section 5(a) (i) of Article II and added a new paragraph. The completed sub-section as recommended to the Commission is given below. A new draft of Article IV, Sections 1 and 7, was approved by the Committee. It was agreed to delete Article II, Section 9, Document 426, page 11, and Article IV, Section 5, page 22, and Article IV, Section 8, Paragraph 4, page 25. The substance of these items is included in other sections of the draft as approved by the Committee. In Article IV, Section 3(a), "Section 2" should be substituted for "Section 8" to reconcile the draft with the present arrangement. The texts of the revised drafts are presented to the Commission for approval.

TEXTS RECOMMENDED BY THE COMMITTEE

Article II, SECTION 5. (a) *Payments due in gold and local currency.*

(i) Of the amounts payable under Article II, Section 4(a) ten percent shall be payable in gold. The remainder may be paid in the local currency of the member, subject to the provisions of Article IV, Section 2(a).

(ii) Payments under Article II, Section 4(b), shall at the option of the member be made either in gold or in the currency required to implement the obligations with respect to which a call is made.

(iii) Payments in the currencies of members under (i) and (ii) above shall be made in amounts equivalent to the member's proportionate share of each call on unpaid subscriptions to the capital stock of the bank as authorized and defined in Section 2 above.

Article IV—SECTION 1. *Methods of making or facilitating loans.*

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

(a) By making or participating in direct loans out of funds equivalent to the Bank's own paid-up capital, surplus and reserves.
(b) By making or participating in direct loans out of funds raised by the Bank in the market of a member, or otherwise borrowed.
(c) By guaranteeing in whole or in part loans made by private investors through the usual investment channels.

The Bank may borrow funds under (b) above or guarantee loans under (c) above only with the approval of the member in the market of which the funds are raised, and only if that member agrees that the proceeds may be exchanged for the currency of any other member without restriction.

(This is a corrected draft of material previously reported)

SA/4

Article IV

Article IV—SECTION 7. *Defaults by the Borrower: Methods of Meeting Obligations on Borrowings of or Guarantees by the Bank.*

In cases of default by the borrower the Bank shall make such arrangements to adjust the borrower's obligations as may be feasible, including arrangements analogous to those provided in Section 4(c), of this Article.

The obligations of the Bank on borrowings or guarantees under Sections 1(b) and 1(c) of this Article shall be charged against:

(a) First, the special reserve provided in Section 6(a) of this Article.
(b) Then, to the extent necessary and at the discretion of the Directors, the other reserves, surplus and capital available to the Bank.

Whenever necessary to meet contractual payments of interest, other charges or amortization on the Bank's own borrowings, or to implement the Bank's obligations with respect to such contractual payments on loans guaranteed by the Bank, the Bank may call an appropriate amount of the unpaid subscriptions of members in accordance with Article II, Section 4(a) and 4(b). Moreover, 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 in order to charge off such part of the outstanding principal of any such obligations as the Bank deems to be not recoverable.

Document 454 (supersedes Document 437)

CII/AH/RP12

Report of Subcommittee 3-C of Commission II

July 17th and 18th, 1944

At the third and fourth meetings of Subcommittee 3-C, of Commission II, Article VI, Sections 4, 5, 6 and 7 were reviewed. These sections had previously been agreed upon by the committee but because of certain ambiguities in language and of certain other changes considered necessary, the Chairman of Commission II referred the material to this committee for further consideration.

The basic documents reviewed by this committee were 401 and 245, pages 45, 46, 46a, 47, 48 and 48a.

Article VI, Section 6, Alternative A, paragraph (b) read as follows:

> "Repayment to the Bank under this section shall be in currency and gold or gold-convertible exchange in the same proportion as the payments by the Bank for the repurchase of the shares."

In accordance with previous comments made in the meeting of Commission II and as supplemented by discussion of this committee, this paragraph was omitted from the revised text.

The following revised text, representing the consensus of opinion of the committee is attached:

Article VI, Section 4, Alternative E, "Cessation of Membership in International Monetary Fund", page 45c.

Article VI, Section 5 (and 6), Alternative B, "Settlement of Accounts with Countries Ceasing to be Members", page 46c and 47c.

Article VI, Section 7, Alternative C, "Liquidation", page 48c.

7/18/44

(p. 45c)

Article VI

SECTION 4. *Cessation of Membership in International Monetary Fund.*

Any member which ceases to be a member of the International Monetary Fund shall cease after three months to be a member of the Bank unless the Bank by 75 percent of the aggregate votes, has agreed to allow it to remain as a member.

7/18/44

Art. VI
Sec. 4
Alt. E

(p. 46c)

Article VI

SECTION 5. *Settlement of Accounts with Countries Ceasing to be Members*

(a) When a country 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 country in accordance with the provisions in Section 5 (b) and (c) 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 country ceases to be a member of the Bank.

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

(1) No amount shall be paid for shares prior to six months from the date upon which the country ceases to be a member nor thereafter so long as the country, its central bank or any of its agencies remain liable, directly, or contingently, to the Bank, and any amount so withheld may, at the option of the Bank, be applied on any such obligation as it matures. No amount, however, shall be withheld on account of the liability of the country resulting from its subscription for shares under Article II, Section 4 (b).

(2) Payments for shares may be made from time to time

to the extent by which the amount due as the repurchase price in Section 5 (a) above exceeds the aggregate of liabilities in Section 5(b) (1) (p. 47c) above

7/18/44

Art. VI
Sec. 5
Alt. C

until the former member has received the full repurchase price.

(3) Payments shall be made in the currency of the country receiving payment or at the option of the Bank in gold-convertible exchange.

(4) In the event that any loss is sustained by the Bank on any guarantee, participation in a loan, or loan which was outstanding on the date the country ceased to be a member of the Bank, and the amount of such loss exceeds the amount of the reserve provided against losses on the date the country ceased to be a member, such country shall be obligated to repay upon demand that amount by which the repurchase price of its shares would have been reduced if the loss had been taken into account when the repurchase price was determined. In addition, the former member country shall remain liable on any call for unpaid subscriptions under Article II, Section 4 (b) 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.

(c) In the event that the Bank goes into liquidation within six months of the date upon which any country ceases to be a member of the Bank, all rights of such country shall be determined by the provisions governing liquidation.

7/18/44

Art. VI
Sec. 5
Alt. C

(p. 48b)

Article VI

SECTION 7. *Liquidation*

(a) In an emergency, the Executive Committee by a majority vote, temporarily may suspend the operations of the Bank, pending an opportunity for further consideration and action by the Board.

(b) The Bank may be voted into liquidation by a majority of the members which shall include a majority of the aggregate votes. Upon being voted into liquidation, the Bank shall forthwith cease engaging in any activities except those incident to the orderly liquidation, conservation and preservation of its assets and the settlement of its obligations.

(c) The liability of all member countries for uncalled subscriptions to the capital stock of the Bank and their guarantees with respect to the depreciations of their own currencies shall continue until all claims of creditors including all contingent claims shall have been discharged.

(d) Upon liquidation, all creditors holding direct claims shall be paid immediately if the Bank has sufficient assets, and, if the assets are not sufficient, the Executive Committee shall pay such creditors as soon as possible out of payments to the Bank or calls on subscriptions, but before making any payments to holders of direct claims, the Committee shall make such arrangements as are necessary, in its judgment, to insure a distribution to holders of contingent claims ratably with creditors holding direct claims.

(e) No distribution shall be made to a member country on account of its capital subscription until all claims of (p. 48c)

7/18/44

Art. VI
Sec. 7
Alt. C

creditors, including all contingent claims, have been discharged or have been provided for by the Executive Committee having made arrangements sufficient, in its judgment, to accomplish that purpose.

(f) The Executive Committee shall be empowered, subject to paragraph (e) above and subject to the prior settlement of all outstanding claims of the Bank against each member country, to make successive distributions of the assets of the Bank to shareholders until all of its assets have been thus distributed.

(g) Prior to the initial distribution of assets to shareholders, the Executive Committee shall fix the proportionate share of each member as the ratio of its holdings of the shares of the Bank to the total outstanding shares of the Bank.

(h) Each distribution of assets, as valued by the Executive Committee as of the date the distribution is directed by it, shall be made in the following manner:

i. There shall be paid to each member in its own obligations or those of its agencies or nationals held by the Bank, 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 convertible exchange, insofar as they are held by the Bank, up to an amount equivalent in value to such balance.

7/18/44 Art. VI Sec. 7 Alt. C

(p. 48d) 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 in a manner to be decided by the Executive Committee in the best interests of all shareholders.

7/18/44 Art. VI Sec. 7 Alt. C

Document 455

CI/M/8

Minutes of Meeting of Commission I

International Monetary Fund

(*July* 18, 1944, 11:30 *a.m.*)

At its eighth meeting, on July 18 at 11:30 a.m., the Commission approved the recommendation of the Special Committee of Commission I that the words "and collaboration" be inserted after the word "consultation" in article I, paragraph (a) (Document 321, p. 1).

The Special Committee reported its unanimous recommendation that article I, paragraph (b) (Document 321, p. 1), be amended to read as follows:

"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."

With respect to article XII, section 1, Location of Offices (Document 321, p. 23), the Special Committee reported its decision to report both Alternatives A and B (SA/1, Document 32, p. 31) without recommendation. The Delegate of the United Kingdom announced that the United Kingdom was withdrawing Alternative B which it had proposed, with the reservation that the Government of the United Kingdom may later find it desirable to ask the governments to consider the general question of the location of various international bodies. The Commission thereupon adopted Alternative A. This action made the text of article XII (Document 321, pp. 23 and 24) complete and the Commission approved the article as a whole.

The Special Committee reported that it had considered a draft article on Definitions (Document 417) and had approved the definitions in principle, although some improvements in language were still being considered. The Delegate of the Union of Soviet Socialist Republics reserved final decision until the completed text should be available but expressed concurrence in the principles underlying the definitions in Document 417. In response to various questions, the Reporter of the Special Committee indicated that immigrant remittances were to be considered as current transactions if not of such character as to be in effect capital transfers and that normal amortization payments were to be regarded as current transactions. The French Delegate felt that the definition of current transactions should be sufficiently flexible as not to be unduly restrictive on the freedom of action of members in controlling such transactions. The Commission accepted the definitions in principle and instructed the Special Committee to reword them and send directly to the Drafting Committee a text embodying these principles.

(p. 2) The Special Committee reported the substance of a proposal for a provision which would, in emergency circumstances, permit the temporary suspension of certain designated operating provisions (new material, no document). The proposal was approved in principle and referred to the Drafting Committee to prepare a text, bearing in mind the relation of this provision to the article on Amendments.

Article XVI, Amendments (Document 321, pp. 25 and 26), was approved.

The Commission approved a proposal to amend the language of article VII, section 2(ii) (Document 321, p. 13) to read "Require the member to sell its currency to the Fund for gold". The Drafting Committee was instructed to see that there was no inconsistency between this provision and the provision for optional repurchase by a member of its currency from the Fund for gold (J.S. III, 7(a), SA/1, Document 32, p. 11).

The Commission accepted the Special Committee's recommendation that the words "or the Managing Director" be deleted from article XI, section 2(a) (Document 321, p. 18, last line).

Document 456

CII/MC/7

Commission II: Documents to be considered at meeting July 19th.

Drafting Committee

Doc. #389—Third Report
Doc. #391—Fourth Report
Doc. #430—Addendum to Third and Fourth Reports.
Doc. #421—Fifth Report

Committee 2

Doc. #319—Report of *ad hoc* committee
Doc. #452—Report of *ad hoc* committee
Doc. # —Report of *ad hoc* committee
(to be issued during the afternoon of July 19th)

Committee 3

Doc. #449—Report of *ad hoc* Committee 3b
(superseding Doc. No. 424)
Doc. #454—Report of *ad hoc* Committee 3c
(superseding Doc. No. 437)

Document 460[1]

CII/2/RP2

Report of Committee 2, Commission II

Meeting of July 19, 1944

The following amendments and additions to the Bank draft were adopted by the Committee at its meeting of July 19 and are recommended for approval by the Commission.

[1]Not distributed—EDITOR.

Article II—SECTION 5 a(iii)

To any country represented at the United Nations Monetary and Financial Conference whose home areas have suffered from enemy occupation and hostilities during the present war will be granted the right to postpone till the end of five years after the establishment of the Bank 25 percent of the payment of its gold contribution.

Former Article V, Section 10

Article II, SECTION 5 1/2: *Maintenance of Value of Certain Currency Holdings of the Bank.*

(a) Whenever (i) the par value of a currency of a member is reduced, or (ii) the foreign exchange value of the currency within the jurisdiction of any member has in the opinion of the Bank depreciated to a significant extent, the member shall compensate the Bank under certain conditions, as follows. The member shall pay to the Bank within a reasonable time an additional amount of its own currency sufficient to maintain the value, at the time of initial subscription, of the quantity of the currency of such member which is held by the Bank and which forms part of the currency originally paid to the Bank by the member under Article II, Section 4 (a), 5 (a) (i), and 5 (b), part of the currency referred to in Article IV, Section 2 (b), or part of 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 the currency of any member has been increased, the Bank shall compensate such member by returning, within a reasonable time, an amount of the currency of such member equal to the increase in the value of the quantity of such currency described in (a) above.

(c) The provisions of the preceding paragraphs may be waived when uniform proportional changes in the par values of the currencies of all its members are made by the International Monetary Fund.

Article III—SECTION 1b

For the purpose of facilitating the restoration and reconstruction of the economy of countries whose home areas (p. 2) suffered great devastation from enemy occupation and hostilities, the Bank, in determining the conditions and terms of the loan made to such countries, shall give special weight and consideration to expediting the reconstruction and to lightening the burden of financing such reconstruction.

Article IV, SECTION 4—*Payment Provisions for Direct Loans*

Loan contracts made under Section 1(a) or 1(b) of this Article shall contain 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 commissions to be charged in connection with such loan. In the case of loans made under Section 1(b) during the first ten years after the establishment of the Bank, this rate of commission 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 not already covered by amortization payments. In the case of loans made under Section 1(b) ten years or more after the establishment of the Bank, the rate of commission on such loans may be reduced by the Bank in respect of the outstanding portions of previous loans as well as of future loans if the reserves accumulated out of commissions and other earnings are considered by the Bank sufficient to justify the proposed 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 this is advisable.

(b) The loan contract shall stipulate the currency or currencies in which payments to the Bank under the contract shall be made. 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 any other member.

(i) In the case of loans made under Section 1(a) 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, and shall be equivalent to the value, in terms of a currency specified for the purpose by the Bank by a three-fourths majority of the aggregate votes, of such contractual payments at the time the loans were made, subject to the provisions of Article II, Section 5 1/2 (c).

(ii) In the case of loans made under Section 1(b) of this Article, the total amount of such loans 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(b) and payable in the same currency.

(c) Unchanged (language subject to change by the Drafting Committee).

(p. 3)

Article V—SECTION 10. *Form of Holdings of Currency.* (Old Section 9)

The Bank shall accept from any member in place of any part of the member's currency, 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 a credit to the account of the Bank in the territory of that member. This provision shall apply only to currency up to the amount paid on subscriptions. (CF Doc. 426, p. 35).

Article V, SECTION 12. *Allocation of Income.*

The Board of Governors shall determine annually what part of the Bank's net income shall be placed to reserve, and what part, if any, shall be distributed. If any part is distributed, 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 its currency subscription which has been used in making loans under Article IV, Section 1(a).

If the 2 percent payment is made, the balance shall be distributed among all members in proportion to their shares. Payments to each member shall be made in its own currency.

Document 465

(p. 89)

JOURNAL

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

No. 20 Bretton Woods, New Hampshire July 20, 1944

ORDER OF THE DAY

Meetings for Thursday, July 20

9:30 a.m.	Special Committee of Commission II	Room A
11 a.m.	Commission II	Auditorium
2 p.m.	Commission III	The Hemicycle
3:30 p.m.	Executive Plenary Session	Auditorium
5 p.m.	Commission II	Auditorium

(p. 90)

Résumés of Commission Meetings

Commission I

International Monetary Fund

(*July* 19, 9:15 *p.m.*)

The Chairman of the Drafting Committee presented his report and the Articles of Agreement (Annex I, Document 448).

The Chairman of the Special Committee then presented his report (Document 466, part I). An amendment to article XII, section 3, to provide for the election of an Executive Director from the Middle East was lost. The suggestion of the Delegate of Cuba with regard to the deletion of the last six and one-half lines of the second paragraph of Document 466 was adopted. The recommendation of the Special Committee, as thus amended, was approved.

The American Delegate proposed, and the Commission accepted, a substitution in article XX, section 2 (d) (p. 42, Document 448), of the words "$1/_{100}$" for "$1/_{20}$". The Delegate of the Union of Soviet Socialist Republics moved that item 4, article XIX (i) (p. 41), be deleted. The Delegate from Cuba moved that the word "immigrant" be omitted. This motion was carried and the Commission then voted to retain item 4, as amended. The Soviet Delegate asked for clarification of the statement on monetary reserves in article XIX, paragraph (e) (p. 40, Document 448).

The Commission approved a change in Schedule C (Document 466, part II).

The Delegate of the Union of Soviet Socialist Republics moved an amendment to article V, section 8 (f) (p. 14, Document 448), to provide for uniformity in the proportion of charges to be paid in gold. The motion was lost. He then proposed amendments to article XII, section 8 (p. 31, Document 448), with regard to the publication of reports. These motions were also lost. A further proposal with regard to article XIII, section 2 (b) (p. 32, Document 448), to the effect that the depositories designated by each of the four other members should hold gold equal at least to the gold subscription of the respective members, was lost. Document 448 was unanimously accepted as a whole.

The meeting adjourned at 11 p.m.

(The minutes of this meeting are being distributed separately as document no. 473.)

(p. 91)

Commission II

Bank for Reconstruction and Development

(*July* 19, 11:30 *a.m. and* 4:30 *p.m.*)

In the fifth and sixth meetings of Commission II, the following reports were considered:

(1) Drafting Committee Reports, Document nos. 389, 391, 421, and 430
(2) Reports of *Ad Hoc* Committee 2, Documents nos. 419 and 452
(3) Report of *Ad Hoc* Committee 3B, Document no. 449
(4) Report of *Ad Hoc* Committee 3C, Document no. 454

The Commission decided to appoint a Special Committee to which all matters of substance which required Committee action would henceforth be referred. Subsequent to the meeting the Chairman announced that the composition of the Committee would be as follows:

Belgium
Brazil
Canada
China
Czechoslovakia
French Delegation
India
Mexico
Netherlands
Union of Soviet Socialist Republics
United Kingdom
United States

(The minutes of this meeting are being distributed separately as document no. 469.)

Notice Concerning Documentation

A complete set of documentation of the Conference has been prepared for each delegation and may be secured at the Distribution Desk after 8 o'clock tonight. Each set contains a copy of all documents issued by the Conference up to and including document no. 456, except forms, news bulletins, and other material not pertinent to the work of the Conference. In addition, one complete set of *Journals* and one set of Press Releases will be available for each delegation.

After the adjournment of the Conference, delegations may secure additional sets of documents by applying, through their respective missions in Washington, to the Division of International Conferences, Department of State.

(p. 93)

List of Documents Issued as of July 19, 1944

Subject	*Symbol*	*Doc. No.*
Report of Special Committee of Commission I, July 18, 9:30 a.m.	CI/SP/4	447
Second Report of Drafting Committee of Commission I—Annex I	CI/DC/6	448
Report of *Ad Hoc* Committee 3b of Commission II, Meetings of July 16 and 18 (Supersedes Doc. 424)	CII/AH/RP 11	449
Journal No. 19	J/19	450
Press Release No. 35, Statement by Chairman of Colombian Delegation	PR/35	451
Report of Committee 2, Commission II, Meeting of July 18	CII/2/RP 1	452
Order of the Day, July 19	GD/45	453
Report of Subcommittee 3-c of Commission II, July 17 and 18	CII/AH/RP 12	454
Minutes of Meeting of Commission I, July 18, 11:30 a.m.	CI/M/8	455
Documents to Be Considered at Meetings of Commission II, July 19	CII/MC/7	456
News Bulletin No. 29		457
(Cancelled)		458
Press Release No. 36, Address by Mexican Delegate Before Commission III	PR/36	459

Document 466

CI/SP/6

Report No. 6 of the Special Committee of Commission I.

I.

It has been found that the admission to membership of countries not represented at the Conference may result in inequitable distribution of the executive directorships. In order that this problem should not necessitate amendment of the Articles of Agreement, it is suggested that the following changes be made in Article XII, Section 3:

(1) Amend paragraph (b) to read as follows:

"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 under (iii) above by adding one director for each group of members having quotas equivalent to five hundred million United States dollars of the weight and fineness in effect on July 1, 1944;

7/19/44

(p. 2)

provided that a director may be added when the members in any such group have more than one-half of the necessary quotas."

(2) In order that the quota strength necessary for increasing the number of the executive directors shall not be varied by certain uniform changes in par values, Article XII, Section 5 (c) should be amended so as to refer to computations under Article XII, Section 3 (b).

(3) Article XII, Section 3, paragraph (d) should be amended by adding the following sentence: "Whenever the Board of Governors increases the number of directors to be elected under (b) (iii) above, it shall issue regulations making appropriate changes in the proportion of votes required to elect directors under the provisions of Schedule C.

II

It has also been found that inequities may arise under the voting provisions contained in Schedule C. For example, if not all of the countries represented at the Conference should become members of the Fund, the members with the largest quotas who are not entitled to appoint directors might be in the position where their votes would elect one director with a balance left over to be applied to the election of a second director. In order to avoid this situation, it is suggested that Schedule C be amended as follows;

(1) Paragraph 3 should be changed by deleting the words "all or part of" in the 6th line.
(2) Paragraph 4 should be amended by deleting the words "any portion of" in the first line.
(3) Paragraph 5 should be amended to read as follows:

"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."

Document 467

DP/28

Statement by the Australian Delegation on Report of Committee III to Commission III dated July 10, 1944 (document 428) and on Australian resolution on employment agreement (document 235).

(*To be presented at meeting of Commission III, July* 20, 1944)

The proposed Monetary Fund and the suggested plans for reducing trade barriers and for stabilising commodity prices all aim at action in the *international* field. We do not question their use in making trade flow more easily, but we believe they will be comparatively of little value unless a high level of effective demand can be ensured by *domestic* measures of an expansionist kind.

Apart from machinery for investment, international arrangements cannot of themselves create this demand. They can merely facilitate the full expression in international trade of whatever volume of demand there may be. Of this, much the most important determinants are the levels of employment and incomes in each country.

The experience of the inter-war period shows that the volume of international trade depends far more upon domestic policies of employment than upon any international arrangements. When employment and prosperity have been high, trade has flourished notwithstanding tariffs and subsidies and unstabilised currencies. When there has been unemployment trade has dwindled. Stabilised currencies and lower tariffs can re-shuffle trade and, in favourable circumstances, aid its increase, but without high levels of employment and spending power the real motive force behind international trade is lacking.

Domestic policies aiming at high levels of employment by expansionist measures are therefore of international concern because of their effect upon demand, the final source of trade. They are of international concern also because, unless employment is maintained, other international agreements cannot function successfully. Unless we can find some way of reducing the amplitude of the trade cycle the monetary fund and agreements to reduce barriers to trade will not, we believe, endure. When employment falls, a struggle inevitably ensues between countries to capture the greatest share of a dwindling trade. Moreover, the fall in demand is not evenly distributed. Credit and debit balances of payment emerge. The Fund with its limited quotas and limited annual drawings provides no solution for these problems if long protracted. Countries scourged by unemployment will seize the means of relief that seem to lie closest to hand, even if they prove in fact to be illusory. In a period of growing unemployment we believe that countries would not deny themselves the right to prevent the spread of unemployment within their boundaries by restrictive measures. In these circumstances the monetary fund and any tariff arrangements would break down and competitive currency depreciation and tariff abnormalities would return to plague us. (p. 2)

Domestic policies of an expansionist kind are of international concern also because without them it will be difficult, perhaps impossible, to persuade ordinary people in many countries to accept international agreements. Several attempts were made in the inter-war period to secure cooperation on economic questions—at Geneva in 1927, by a tariff truce in 1930, at the World Economic Conference in 1933. All these attempts failed. They failed because they had little appeal to ordinary men and women.

We believe that in order to secure popular support for monetary and other similar proposals it is first necessary to convince the man in the street that these proposals are a means to an end in which he has a vital interest. Hence the Australian desire to see Governments specifically accept the obligation to maintain employment. Once such an obligation had been accepted particular proposals, more technical and more difficult, could be brought forward as part of a general plan, and, in this way, made attractive to ordinary men and women.

An *agreement* to maintain employment is of course only a first step. The fear of ordinary men and women, haunted by memories of unemployment, will be fully allayed and their confidence obtained only by evidence over a period that nations are willing and able to maintain employment. Nevertheless acceptance by nations of an obligation to maintain employment would do much to mobilise public opinion to see that the obligation was carried out, and it would give smaller nations, so dependent on the employment levels of others, sufficient confidence to accept obligations that would not otherwise be easy for them.

We realise that there are some undeveloped countries whose problem is one of increasing production rather than maintaining employment. They may find it difficult to accept an employment obligation. Provided however the obligation is accepted by all countries which are sufficiently advanced economically to be able to accept an obligation of this kind, our objective would be secured. It has been objected that domestic policies of employment are the sovereign concern of nations and should not be made the subject of international agreement. But the value of the currency of a country and its tariff policy are just as much matters of sovereignty. If international agreements are not to interfere with the sovereignty of nations, no agreements whatever are possible.

We do not, however, suggest the creation of an international employment authority that would have the right to interfere with the domestic policy of a country. The ways and means of maintaining employment must be left to each country to determine. Any employment authority we have in mind would limit itself to collecting and exchanging information on employment, and providing a meeting place for countries to discuss the causes of any threatened breakdown.

7/19/44

(p 3)

It has also been objected that delegates to this Conference have no authority to sign a resolution calling for an employment agreement at a specified time. That may be a valid reason for some textual alterations in our draft resolution. But we have accepted the proposition that the promotion and maintenance of high levels of employment are primary objectives of economic policy. If we accept this proposition we should surely be prepared to recommend that Governments accept an obligation to take whatever action may be necessary and practicable to achieve these results.

The Australian delegation is concerned because the present tendency to press on with international agreements on currency policy and with conferences on commercial policy seems to us to be putting secondary things first. We believe that, provided there was a will to do it, an employment agreement would be much simpler to draft and could be accepted much more expeditiously than complex monetary plans or programmes of commercial policy. We believe this simpler task should be done before we stake everything on presenting to parliaments and people complicated plans which are unintelligible to the ordinary man. It would also have the advantage of putting first things first.

7/19/44

Document 468

CII/DC/RP6

Report of Drafting Committee of Commission II

ANNEX I

July 19, 1944

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:

1. To assist in the reconstruction and development of member countries 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 peace-

time needs and the encouragement of the development of productive facilities and resources in less developed countries.

2. 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 reserves and other resources.

3. 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

(p. 2)

productivity, the standard of living and conditions of labor in their territories.

4. 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.

5. 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 in accordance with Article X, Section 2 (b).

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

Article II

SECTION 2. *Authorized capital.*

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 ————. 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.

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

(p. 3)

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. The Bank 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 further 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 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 under such conditions as the Bank shall decide, 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.

(p. 4)

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, Section 1 (a) (ii) and Section (a) (iii) below.

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.

749013—48—54

SECTION 7. *Method of payment for 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 the share shall be payable in gold or United States dollars, and when calls are made the remaining 18 percent shall be paid in the currency of the member;
(p. 5)

(ii) when the call is made under Section 5 (ii) of this Article, payment may be made at the option of the member either in gold, U. S. dollars or in the currency required to discharge the obligations of the Bank for the purpose for which the call has been 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 capital stock of the Bank as defined in Section 2 of this Article.

SECTION 8. *Time of payment of subscriptions.*

(a) The two percent payable in gold and U. S. dollars under Section 7 (i) of this Article, shall be paid within 60 days of the date on which the Bank begins operations.

(b) The remainder of the subscription in Section 7 (i) of this Article shall be paid as and when called for by the Bank, provided

(i) the Bank shall call up not less than 10 percent of the price of the share within one year of its beginning operations and

(ii) that not more than 5 percent of the value of the share shall be called up in any period of three months.

(p. 6)

SECTION 9. *Maintenance of value of certain currency holdings of the Bank*

(a) Whenever

(i) the par value of a member's curency 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 compensate the Bank as follows: 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 forms part of the currency originally paid in to the Bank by the member under Article II, Section 7 (i), part of the currency referred to in Article IV, Section 2 (b), or part of 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.

(p. 7)

Article II

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.*

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.

SECTION 2. *Agencies of members dealing with 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 only deal with members 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 100% of the unimpaired subscribed capital, reserves and surplus of the Bank.

(p. 8)

Article III

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

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

(1) The member in whose territories the project is located 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.

(2) The Bank is satisfied that in the prevailing market conditions the borrower would be unable otherwise to obtain the loans under conditions which in the opinion of the Bank are reasonable for the borrower.

(3) A competent committee, as provided for in Article V, Section 7, after a careful study of the merits of the proposal, has submitted a written report recommending the project.

(4) 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.

(5) In making or guaranteeing a loan the Bank shall pay due regard to the prospects that the borrower will be in position to meet its obligations under the loan; and the Bank shall act prudently in the interest both of the borrowing member and also of the guaranteeing members.

(6) In guaranteeing a loan made by other investors, the Bank receives suitable compensation for its risk.

(p. 9)

(7) Loans made or guaranteed by the Bank, except in special circumstances, shall 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, the Bank shall open an account in the name of the borrower and the amount of the loan granted by the Bank 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.

(p.10)

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 fund equivalent to the Bank's own paid-up capital, surplus and 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 the market of which the funds are raised, and only if that member agrees 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 be used or exchanged, without restriction by the members, 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.

(p. 11)

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

(d) All other currencies available to the Bank, including those raised in the market 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 1 (a) (ii) of this Article, and those received as payments of commissions under Section 1 (a) (iii) of this Article, shall be used or exchanged for other currencies or gold required in the operations of the Bank without restriction by the members.

(p. 12)

(e) Currencies, raised in the market by borrowers of 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 the members.

SECTION 3. *Provision of currencies for direct loans.*

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

(a) The Bank shall furnish the borrower with such currencies of other members as are needed by the borrower for expenditures in their territories for which the loan was granted. If any such currency is not available in whole or in part out of funds referred to in Section 1 (a) (i) or 1 (a) (ii) of this Article, the Bank may supply such currency in such other manner as it may determine subject to Section 2 of this Article.

(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 or program gives rise indirectly to an increased need for foreign exchange by the borrowing member, 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 cases, 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.

(p. 13)

SECTION 4. *Payment provisions for direct loans*

Loan contracts made under Section 1 (a) (i) or 1 (a) (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 commission 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 out of commissions and 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 any other member.

(p. 14)

(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 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, subject to the provisions of Article II, Section 9 (c).

(ii) In the case of loans made under Section 1 (a) (ii) of this Article, the total amount of such loans 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.

(p. 15)

(c) If the country of the borrower suffers from an acute exchange stringency, so that the service of the loan cannot be provided in the stipulated manner, the member concerned may appeal 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 country of the borrower and of the operations of the Bank and of its members, 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 for the repurchase of such currency on appropriate terms.

(ii) The Bank may modify the schedule of amortization or prolong the life of the loan, or both.

SECTION 5. *Guarantees*

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 deter-

mined by the Bank. During the first ten years of the Bank's opera-
(p. 16)
tions, 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 out of commissions and 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.

Guarantee commissions shall be paid directly to the Bank by the borrower. The Bank shall have power to determine any other terms and conditions of the guarantee.

SECTION 6. *Special reserve.*

The net 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 used only for meeting obligations of the Bank in accordance with Section 7 of this Article.

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

(a) In cases of default on loans made, participated in, or guaranteed by the Bank, it shall make such arrangements as may be feasible to adjust the obligations under the loans, including arrangements analogous to those provided in Section 4 (c) of this Article.
(p. 17)

(b) The liabilities of the Bank on borrowings or guarantees under Sections 1 (a) (ii) and 1 (a) (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 the Bank, 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; and in this event no claimant under the guarantee shall be offered preferential treatment.

(p. 18)

(ii) To repurchase part or all of its own outstanding borrowings, in order to restore the relation, prescribed in Section 4 (b) (ii) of this Article, between the amount of such borrowings and the amount of the outstanding loans not in default made with the proceeds of such borrowings.

SECTION 8. *Miscellaneous Operations.*

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

(i) To issue, buy and sell its own securities including securities which have as collateral loans or investments made by it 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 issued, bought or sold, and that, when the Bank buys securities which it has issued, it shall also obtain the approval of the member whose currency will be paid for such securities.

(ii) To guarantee securities in which it has invested for the purpose of facilitating their sale of such securities.

(iii) To borrow the currency of any member with the approval of that member.

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

(p. 19)

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.

(p. 20)

(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) Require a member to withdraw;
(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 liquidate the Bank; [exact phraseology to await decision of Commission II]
(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.

(p. 21)

(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*

Each member shall have 250 votes plus one additional vote for each share of stock held.

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

(p. 22)

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 to be appointed or elected every two years. Each of the five members having the largest number of shares shall appoint one Executive Director. The remaining seven Directors shall be elected according to Schedule B by all Governors other than those appointed by the five members having the largest number of shares.

(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.

(p. 23)

(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 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.

(p. 24)

SECTION 5. *President and staff*

(a) The Executive Directors shall select a President who shall not be a Governor or an Executive Director. 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 meeting 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.

(p. 25)

SECTION 6. *Advisory Council*

There shall be an Advisory Council of not less than seven persons selected by the Board of Governors from representatives of banking, business, industrial, labor, agricultural or other 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.

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, except that 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.

(p. 26)

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 paragraph and participated in primarily by members of the Bank, the Bank should 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.*

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

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.

(p. 27)

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 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. 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 territories of that member.

---

* Still subject to consideration by Special Committee.

(p. 28)

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

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.

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

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 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 its currency subscription used during the year in making loans under Article IV, Section 1 (a) (i). Any balance 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.

(p. 29)

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 fulfil 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 cease after three months to be a member of the Bank unless the Bank by 75 percent of the total voting power has agreed to allow it to remain a member.

SECTION 4. *Settlement of accounts on cessation of membership.*

(Under consideration by the Special Committee.)

SECTION 5. *Suspension of operations and settlement of obligations.*

(Under consideration by the Special Committee.)

(p. 30)

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, including the capacity to take such action as is necessary or appropriate to carry out the provisions of this agreement 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. Such actions shall not, 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.

749013—48—55

(p. 31)

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;

(p. 32)

(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) To be considered by the Special Committee.

(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.

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.

(p. 33)

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 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 (1) the right to withdraw from the Bank; . . . [further instances to be considered by the Special Committee].

(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.

(p. 34)

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, paragraph . . . . .

(b) In any case where the Executive Directors have given a decision under paragraph (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) (To be considered by the Special Committee in the light of the decision which they reach about liquidation or suspension of operations.)

Article X

Definitions

(In the Special Committee)

Article XI

Approval Deemed Given

Whenever the approval of any member is required before any act may be done by the Bank, 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.

(p. 35)

Article XII

Final Provisions

(To be supplied later)

SCHEDULES

(To be supplied later)

Document 469

CII/M/5

Minutes of Meetings of Commission II

BANK FOR RECONSTRUCTION AND DEVELOPMENT

(*July* 19, 1944, 11:30 *a.m. and* 4:30 *p.m.*)

At the fifth and sixth meetings of Commission II, the following reports were considered:

(1) *Drafting Committee Reports, Documents 389, 391, 421, and 430*

The Chairman of the Drafting Committee explained that, since all matters that had been referred to the Drafting Committee and recommended for approval in the reports under consideration were now being reconsidered by the Drafting Committee, it was hardly worth the Commission's time to consider them at this stage. He therefore confined his report to two matters of substance.

(a) Article I, section 4

The Drafting Committee recommended that this section be amended to read as follows:

"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."

This was approved by the Commission.

(b) Article V, section 6 (Document 391)

The Commission considered the alternative suggested by Committee 3A, and the Drafting Committee decided to provide for consultation by the Bank with other international organizations. After hearing the representative of the Interim Commission on Food and Agriculture, in support of the recommendation of Committee 3A, it was decided to adopt the alternative proposed by the Drafting Committee. In that alternative, the word "policies" was deleted, so that the last sentence reads, "The Bank should give consideration to the views and recommendations of such organization".

(2) *Reports of Ad Hoc Committee 2, Documents 419 and 452*

(a) Article III, section 3, Limitations on Guarantees and Borrowings of the Bank

7/18/44

(p. 2)

After a motion to refer the question of the percentage of guarantees and loans to capital reserves and surpluses to a special committee had been lost, the Commission approved the Committee's recommendations.

(b) Article IV, section 6 (a)

Approved.

(c) Article II, section 5 (a)

Approved.

(d) Article IV, section 1

Approved.

(e) Article IV, section 7

Deferred for further consideration.

(3) *Report of Ad Hoc Committee 3B, Document 449*

(a) Article V, section 2, Voting

It was decided, on a vote by the Commission, that the first paragraph of this section should read as follows:

"Each member shall have 250 votes, plus one additional vote for each share of stock held."

(b) Article V, section 3

The Commission decided, on a vote, to eliminate Section 3 (b) (3) (ii). The remainder of the Section was approved.

(c) Article V, section 8

The Delegation of the Union of Soviet Socialist Republics informed the Commission that it was entering a substitution for the last sentence of the section. This matter was deferred for consideration by the Special Committee.

(d) Article V, section 13

Approved.

(4) *Report of Ad Hoc Committee 3C, Document 454*

(a) Article VI, section 4

Approved.

7/18/44

(p. 3)

(b) Article VI, sections 5 and 6

Referred to Special Committee.

Sections approved by the Commission were referred to the Drafting Committee.

At the close of the meeting, the Chairman was empowered by the Commission to appoint a Special Committee which would henceforth consider all questions referred to committee, other than those referred to the Drafting Committee. Subsequently the Chairman announced that the composition of this Committee would be as follows:

Belgium
Brazil
Canada
China
Czechoslovakia
French Delegation
India
Mexico
Netherlands
Union of Soviet Socialist Republics
United Kingdom
United States

7/18/44

Document 470

CIII/2/RP1

Report Submitted to Commission III by Committee 2 on Enemy Assets, Looted Property, and Related Matters

(To be presented at the meeting of Commission III July 20, 1944)

Bretton Woods, *July 20, 1944*

MR. CHAIRMAN:

At the second meeting of Commission III held at 5:00 p.m. on July 10, 1944, Committee 2 was appointed to consider proposals for action which had been assigned to it in accordance with the recommendations of the Agenda Committee and to make recommendations to the full Commission concerning action to be taken at this Conference with respect thereto.

Committee 2 wishes to report as follows concerning its decisions and recommendations.

The first item to which Committee 2 gave its attention was the proposal recommending the liquidation of the Bank of International Settlements submitted by the Norwegian Delegation and designated as No. 4 in the Report of the Agenda Committee (Document No. 235).

After considering the proposal in various forms it was the decision of Committee 2 to place the following recommendation before Commission III and to recommend its adoption by the Commission:

"Commission III recommends to Commission I that an appropriate provision be included in the Articles of Agreement of the International Monetary Fund to the effect that the government of no country shall be eligible for membership in the International Monetary Fund as long as the Central Bank of that country has not taken the necessary steps to foster the liquidation of the Bank of International Settlements."

In presenting this matter to the Commission, I feel that I should point out that there was within the Committee some disagreement as to the form which the proposed statement should take. There was complete agreement that the Bank of International Settlements should be liquidated. However, two members of the Committee opposed the draft as presently worded because they felt that it contained an implied criticism of the Bank of International Settlements and the countries which are members. The large majority of the Committee did not agree with this position, but held that the resolution placed on record the unanimous recognition of the desirability of liquidating the Bank of International Settlements as soon as possible and gave some implementation to that recognition.

Committee 2 then turned its attention to the two proposals on enemy assets and looted property submitted by the Polish and French Delegations and designated as numbers 2 and 3 respectively in the Report of the Agenda Committee. The United States Delegation submitted an alternative draft resolution relating to this subject and embodying the features of the two earlier proposals. Thereupon, both the French Delegation and the Polish Delegation
7/19/44

(p. 2)

withdrew their proposals in favor of that submitted by the United States Delegation.

The United Kingdom Delegate took the position that he was unable to associate himself with the proposed resolution. It was the view of the United Kingdom Delegation that the subject matter of the resolution has only a very indirect bearing, if it can be said to have any bearing at all, on the plans for establishing a Fund and Bank which this Conference was convened to discuss. Furthermore, it was the opinion of the United Kingdom Delegation that such action as can properly be taken in the sense suggested by the resolution has already been or is being taken in other places, notably by the Inter-Allied Committee on Acts of Dispossession. The United Kingdom Delegation therefore felt that it would be both unnecessary and of doubtful propriety for this Conference to pass the resolution as proposed.

No other member of the Committee shared the view expressed by the United Kingdom Delegation. It was pointed out in the discussion that the proposed resolution clearly dealt with financial matters of primary concern to all member countries and that it supplemented and strengthened the action taken to date. One delegation suggested that certain modifications in the language might be desirable.

The Committee recommends to Commission III that the following resolution be adopted in principle. The Committee further recommends that the present draft be referred by the Commission to a drafting committee which shall be authorized to place it in form for consideration by the Plenary Session. The text of the recommended resolution is as follows:

WHEREAS:

1. In anticipation of their impending defeat, enemy leaders, enemy nationals and their associates and collaborators are transferring assets through clandestine channels to and through neutral countries to be concealed and held at their future disposal. Success on the part of such persons in secreting and preserving

under their control substantial amounts of assets in and through neutral countries will perpetuate their influence, power, and ability to plan anew future aggrandisement and world domination. The efforts of the United Nations to establish and permanently maintain peaceful international relations after the conclusion of the present war would thereby be jeopardized.

2. Throughout the past four years enemy countries and their nationals have taken the property of occupied countries and their nationals. Enemy methods have ranged from open loot and plunder of currency, gold, securities, and other movable property, to subtle and complex devices, including the establishment of puppet governments in occupied territories, designed to give the cloak of legality to their robbery and to secure for themselves ownership and control of important financial and economic enterprises in the postwar period despite the impending defeat of their armed forces. To ensure their success and to frustrate the efforts of postliberation governments to undo their work, they have, through sales and other methods of transfer, run the chain of their ownership and control through foreign countries, both occupied and neutral, thus making the problem of disclosure and disentanglement one of international character.

7/19/44

(p. 3)

3. Throughout the past four years as the enemy has occupied additional countries, the residents, under duress, have been forced to turn over to him their assets. The United Nations have declared their intention to do their utmost to defeat the methods of dispossession practiced by the enemy and have reserved their rights to declare invalid any transfers of property belonging to persons within occupied territory. They have adopted special controls and other measures not only to protect and safeguard property, within their respective jurisdictions, owned by occupied countries and their nationals, but also to prevent looted property from being disposed of in United Nations markets or acquired by persons subject to their jurisdiction.

THEREFORE:

It is resolved that, in recognition of these considerations, the United Nations Monetary and Financial Conference:

1. Calls upon the neutral countries to take immediate measures to prevent any disposition or transfer within territories subject to their jurisdiction of any

(a) assets belonging to the government or any individuals or institutions within those United Nations occupied by the enemy; and

(b) 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 postliberation authorities in the appropriate country any such assets within territory subject to their jurisdiction.

2. Calls upon the neutral countries to take immediate measures to prevent the concealment by fraudulent means or otherwise within countries subject to their jurisdiction of any

(a) assets belonging to, or alleged to belong to, the government of and individuals or institutions within countries with which we are at war;

(b) assets belonging to, or alleged to belong to, enemy leaders, their associates and collaborators, and

to facilitate their ultimate delivery to the postarmistice authorities.

3. Recommends the establishment by the United Nations of appropriate machinery to assist the nations of the world in

(a) uncovering, segregating, controlling, and making appropriate disposition of assets to which this declaration is applicable;

(b) locating and tracing ownership and control of looted property and taking appropriate measures to make restoration to its lawful owners.

Respectfully yours,

Chairman: (Signed) ANDRÉ ISTEL, French Delegation
Reporter: (Signed) WILHELM KEILHAU, Norway

To the Honorable Eduardo Suarez
Chairman of Commission III

7/19/44

Document 472

CI/RP1

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

Report of Commission I (International Monetary Fund) to the Executive Plenary Session, July 20, 1944, Louis Rasminsky (Canada), Reporting Delegate.

MR. PRESIDENT: I have the honour 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 3rd 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 Organisation and Management of the Fund, and with the Form and Status of the Fund. In all, these standing committees held twenty-six meetings, and each of them established several sub-committees. 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, towards 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.

I am certain that all members of the Conference will share my view that it has been no small achievement for the representatives of forty-four 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.

(p. 2)

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 3rd, 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 twenty 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 regard 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.

(p. 3)

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
(p. 4)
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 towards 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 enunciates. 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 thirty-nine paragraphs, to the Articles of Agreement, over 130 alternatives were formally submitted and considered; for some provisions as many as eleven alternatives were put forward. In the end, one single text was agreed on for each of the eighty sections and five lengthy schedules of the Agreement.

(p. 5)

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 urges 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.

(p. 6)

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 towards 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 I

ANNEX I

Table of Contents

Articles

749013—48—56

Schedules

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.

(p. 2)

(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.

(p. 3)

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 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 deter-
(p. 4)
mining 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.

(p. 5)

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.

(p. 6)

(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.

(p. 7)

(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 values 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.

(p. 8)

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.

(p. 9)

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
(p. 10)
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.

(p. 11)

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:

(p. 12)

(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.

(p. 13)

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

(p. 14)

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 movement will be in accordance with the purposes of the Fund.

(p. 15)

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 transactions 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.

(p. 16)

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

(p. 17)

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 to 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

(p. 18)

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 Article VI, Section 3 or Article VIII, Section 2; 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.

(p. 19)

(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 (p. 20) 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.

(p. 21)

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

749013—48—57

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.

(p. 22)

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.

(p. 23)

(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.

(p. 24)

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.

(p. 25)

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. (p. 26)
(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 compensation 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.

(p. 27)

(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. 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.

(p. 27a)

(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.

(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.

(p. 28)

(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.

(p. 29)

(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.

(p. 30)
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 of the weight and fineness in effect on July 1, 1944.

(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 400,000 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 400,000 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.

(p. 31)

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.

(p. 32)

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. *Depositories.*

(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.

(p. 33)

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 retain-
(p. 34)
ing 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.

(p. 35)

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.

(p. 36)

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 (e)
(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.

(p. 37)

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 Schedule D, paragraph 7, and in Article XVIII, paragraph (c).

(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);

(p. 38)

(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 paragraph (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

(p. 39)

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 other official institutions and other banks in the territories of other countries.

(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.

(p. 40)

(e) A member's monetary reserves shall be calculated by deducting from such 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, Sections 3 and 4, a member's net official 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 transfering capital, and includes, without limitation:

(p. 41)

(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.

(p. 42)

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.

(p. 43)

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

749013—48—58

(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
(p. 44)
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 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.

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
(p. 45)
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
(p. 46)
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 cur-
(p. 47)
rency 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.

(p. 48)

SCHEDULE A

Quotas

	(In millions of United States dollars)		(In millions of United States dollars)
Australia	200	Iran	25
Belgium	225	Iraq	8
Bolivia	10	Liberia	.5
Brazil	150	Luxembourg	10
Canada	300	Mexico	90
Chile	50	Netherlands	275
China	550	New Zealand	50
Colombia	50	Nicaragua	2
Costa Rica	5	Norway	50
Cuba	50	Panama	.5
Czechoslovakia	125	Paraguay	2
Denmark*	*	Peru	25
Dominican Republic	5	Philippine Commonwealth	15
Ecuador	5	Poland	125
Egypt	45	Union of South Africa	100
El Salvador	2.5	Union of Soviet Socialist Republics	1200
Ethiopia	6	United Kingdom	1300
France	450	United States	2750
Greece	40	Uruguay	15
Guatemala	5	Venezuela	15
Haiti	5	Yugoslavia	60
Honduras	2.5		
Iceland	1		
India	400		

(p. 49)

SCHEDULE B

Provisions with Respect to Repurchase by a Member of its Currency

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 these types of reserves which have increased in proportion to the

*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.

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.

(p. 50)

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.

(p. 51)

(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 in its currency 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
(p. 52)
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 under

Article VIII, Section 4. 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.

(p. 53)

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.

(p. 54)

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.

Document 473

CI/M9

Minutes of Meeting of Commission I

International Monetary Fund

(*July* 19, 1944, 9:15 *p.m.*)

The Chairman of the Drafting Committee presented the report of that Committee, laying before the Commission the text of the Articles of Agreement as edited by the Committee. (The report is being separately circulated as Document 448; the text of the Articles of Agreement has been circulated as Annex I to Document 448). The Commission delegated to the Secretariat authority to make purely formal changes in the draft. The Delegate of the Netherlands expressed the appreciation of the Commission for the arduous and painstaking work of the Drafting Committee.

The Chairman of the Special Committee then presented his report, indicating that the material included in the report had been approved by the Commission in substance but had been modified in some degree by the Committee. He referred to article V, section 7 (c) (p. 12, Document 448). The Special Committee felt that repurchase should not go beyond the point where the Fund's holdings of a currency have fallen to 75 percent, and that it was desirable to drop the requirement of consent of the country whose currency was being sold to the Fund. The Commission approved.

A modification of article XII, section 3, on election of Executive Directors, to meet future contingencies, was unanimously recommended by the Special Committee (Document 466). The Delegate of Egypt rose to a point of order on the ruling of the Chairman at the seventh meeting of the Commission with respect to Alternative E (Document 410). The Commission sustained the previous ruling of the Chairman. The Delegate of Egypt then moved (seconded by Iraq) that there should be one regional director (by election) from the Middle East. The motion was lost. The Commission then adopted the report of the Special Committee (Document 466, part I). Later in the session the Delegate of Cuba moved to amend the foregoing action by striking out all of the balance of the paragraph after the words "be elected" in the fourth line from the bottom of page 1 and the first three lines on page 2 (Document 466). The motion was carried.

The Commission approved a proposal by the Delegate of the United States to substitute "$\frac{1}{100}$ of 1 percent" for "$\frac{1}{20}$ of 1 percent" in article XX, section 2 (d) (p. 42, Document 448).

The Delegate of the Union of Soviet Socialist Republics proposed the deletion of article XIX, paragraph (i) (4) (p. 41, Document 448), reading "Moderate immigrant remittances for family living expenses", on the ground that it would be difficult to distinguish immigrant remittances which were capital transactions. (p. 2)

The Delegates of the French Delegation, Bolivia, and Cuba supported the Soviet proposal. The Delegates of China, Greece, India, Canada, Egypt, El Salvador, and the Netherlands spoke in opposition to the amendment. The Delegate of Cuba proposed that the word "immigrant" be deleted. The Commission accepted this proposal. A vote on the elimination of item (4) was lost. The Soviet Delegation asked that its position be recorded. The Delegate of Czechoslovakia moved that the word "abroad" be added to item (4) as amended. The Drafting Committee was authorized to insert this word in the proper place. (Subsequent to the session, the Delegate of Czechoslovakia withdrew his suggestion.)

The Delegate of the Union of Soviet Socialist Republics asked then for clarification with regard to the definition of "monetary reserves", article XIX, paragraph (e) (p. 40, Document 448). The Delegate of the United Kingdom explained that paragraph (c) had been worded so as to provide the possibility of including the holdings of private banks, substantially in excess of working balances, in official holdings and thus to assimilate the situation of private institutions to that of state trading institutions. The Delegate of the Union of Soviet Socialist Republics indicated that he found the explanation satisfactory but wished this interpretation to be recorded in the minutes.

The Delegate of the United States proposed a change in Schedule C (p. 50, Document 448; see section II, Document 466) designed to bring Schedule C into better conformity with the small number of directors to be elected. The proposal was accepted by the Commission.

The Delegate of the Union of Soviet Socialist Republics then moved that article V, section 8 (f) (p. 14, Document 448), be amended to provide for uniformity for all countries in the proportion of charges to be paid in gold. The motion was lost. He next suggested an amendment of article XII, section 8 (p. 31, Document 448), to delete the words "to publish a report" and substitute "to present a report". A vote of the Commission rejected the motion. He then suggested that the provision be modified so that "the Fund's reports to members, as well as unofficial communications, shall not be published without agreement with the respective member". This motion was defeated. He proposed further an addition at the end of the second sentence of article XIII, section 2 (b) (p. 32, Document 448), to read as follows: "in each of the four other countries with the largest quotas the Fund should hold gold in the amount not less than the amount of their contribution in gold". The motion was lost.

On motion of the United States, seconded by Czechoslovakia, the Commission unanimously adopted Document 448 as a whole, as amended by acts of the Commission earlier in the session.

(p. 3)

The Reporting Delegate of Commission I then asked the assistance of the members of the Commission with regard to the accuracy of his record of reservations which had been made by various delegations so that his report to the Executive Session of the Conference could be complete.

The Chairman thanked the Commission for its splendid work. The Commission in turn expressed its appreciation to the presiding officer for his conduct of the meetings and the success of the Commission.

The meeting adjourned at 11 p.m.

Document 477

DP/29

Statement by the Netherlands Delegation to Commission III

July 20, 1944

MR. CHAIRMAN,

On behalf of the Netherlands Delegation I want to make a statement with regard to the proposal for the liquidation of the Bank of International Settlements on which the second committee of this commission has acted. Originally the Norwegian Delegation had placed before this commission a proposal that the United Nations Monetary and Financial Conference recommend the liquidation of the Bank at Basle. It was suggested that the liquidation would begin at the earliest possible date, and that the Governments of the United Nations now at war with Germany appoint a committee of investigation in order to examine the management and transactions of the Bank during the present war.

The Netherlands Delegation wants to state that it has always been willing to accept the resolution in its original form. It considers the liquidation of the Bank for International Settlements as inevitable. The Bank for International Settlements should not continue to function side by side with the International Monetary Fund. But quite apart from that its statutes and its financial structure are the outcome of a world situation that after the victory of the United Nations will no longer exist. An investigation into the management and transactions of the Bank during the present war can only be welcomed by all those who think that it would be in the interest of the future of cooperation in the monetary field if the truth about the Bank's gestion should at last be made available to a public whose judgment can now only be based on current stories borne out of ignorance of the true facts. Whether or not this conference is the suitable body to pass the original motion is another matter, about which the Netherlands Delegation does not wish to express an opinion. But it never had objections against its contents and would not have objected to the motion on any formal grounds.

The resolution was presented in a different form when the second committee met for the first time. The Norwegian Delegation had in the meantime deleted that part of the resolution which deals with the investigation of the management and transactions of the Bank during the present war. The Netherlands Delegation expressed its regret at that meeting at the deletion of the sentence dealing with the investigation.

Document 478

CII/2/RP3

Additional Material Approved by Committee 2 of Commission II

1. Article II, Section 8, add following sub-section (c):

"To any country represented at the United Nations Monetary and Financial Conference whose home areas have suffered from enemy occupation and hostilities during the present war will be granted the right to postpone until the end of five years after the establishment of the Bank 25 percent of the payment of its gold contribution."

2. Article III, Section 1, add sub-section (b):

"For the purpose of facilitating the restoration and reconstruction of the economy of countries whose home areas suffered great devastation from enemy occupation and hostilities, the Bank, in determining the conditions and terms of the loan made to such countries, shall give special weight and consideration to expediting the reconstruction and to lightening the burden of financing such reconstruction."

Document 479

GD/47

Resolution

To be introduced at Executive Plenary Session July 20, 1944

1. 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.

Document 480 (468) (426)

C.II/DC/RP6

Commission II: Amendments to Document 468 proposed by U.S.S.R. Delegation

(References in the text refer to Document 426)

Article I.

Delete the Section 4, p. 2 of Doc. 468

Article II.

SECTION 5, p. 4 of Doc. 468

b. The remaining eighty percent shall be callable by the Bank only when required to implement obligations of the Bank created under IV (b) and (c) below, but not more than 20 percent of the subscription may be called in any one year.

SECTION 7, p. 4 of Doc. 468

a / Payment due in gold and local currency

1. of the amounts payable under II 4(a) ten percent shall be payable in gold. The remainder may be paid in the local currency of the member, subject to the provisions of Article IV, Section 2(a).

2. Members may make payments under II, 4 (b) in gold and their local currencies in the same proportion as at the initial payment under (a) above.

Article IV.

SECTION 4, p. 13 of Doc. 468

In the case of loans made under Section I(b) during the first ten years of the Bank's operations, this rate shall be not less than ½ percent per annum and not greater than one percent per annum.

(p. 2)

Article IV.

SECTION 5—*Guarantees*. p. 16 of Doc. 468

During the first ten years of the Bank's operations, this rate shall be not less than ½ percent per annum and not greater than one percent per annum.

Article V.

SECTION 11 (b). p. 27 of Doc. 468

The Bank may hold other assets, including gold, in designated depositories in the five members having the largest quota and in such other depositories as the Bank may select. Initially at least one-half of the holdings of the Bank shall be held in the designated depository in the member in which the Bank has its principal office and at least forty per cent of the holdings shall be held in the other four depositories of the members having the largest subscriptions, but each such member shall hold not less than the amount of its gold contribution.

However, all transfers of gold by the Bank shall be made with due regard to the costs of transport and expected requirements of the Bank. In an emergency the Executive Directors must transfer all or any part of the Bank's holdings of gold to any place where it can be adequately protected.

SECTION 14—*Distribution of Income.* p. 28 of Doc. 468

The net income shall be distributed annually by the decision of the Board of Governors.

Not less than 75 percent of the net income shall be distributed among members in proportion to their subscription to the Bank.

The remaining part of the net income shall be placed to the reserve capital of the Bank.

Document 481 (470)

CIII/2/RP2

Report Submitted to Commission III by Committee 2 on Enemy Assets, Looted Property, and Related Matters

(To be presented at the meeting of Commission III July 20, 1944)

Bretton Woods, *July 20, 1944*

MR. CHAIRMAN:

At the second meeting of Commission III held at 5:00 p.m. on July 10, 1944, Committee 2 was appointed to consider proposals for action which had been assigned to it in accordance with the recommendations of the Agenda Committee and to make recommendations to the full Commission concerning action to be taken at this Conference with respect thereto.

Committee 2 wishes to report as follows concerning its decisions and recommendations.

The first item to which Committee 2 gave its attention was the proposal recommending the liquidation of the Bank for International Settlements submitted by the Norwegian Delegation and designated as No. 4 in the Report of the Agenda Committee (Document No. 235).

749013—48—59

After considering the proposal in various forms it was the unanimous decision of Committee 2 to place the following recommendation, submitted jointly by the Norwegian and Netherlands Delegations, before Commission III and to recommend its adoption by the Conference:

> "The United Nations Monetary and Financial Conference recommends the liquidation of the Bank for International Settlements at the earliest possible moment."

Committee 2 then turned its attention to the two proposals on enemy assets and looted property submitted by the Polish and French Delegations and designated as numbers 2 and 3 respectively in the Report of the Agenda Committee. The United States Delegation submitted an alternative draft resolution relating to this subject and embodying the features of the two earlier proposals. Thereupon, both the French Delegation and the Polish Delegation withdrew their proposals in favor of that submitted by the United States Delegation.

The Committee unanimously recommends to Commission III that the following resolution be adopted in principle. The Committee further recommends that the present draft be referred by the Commission to a drafting committee which shall be authorized to place it in form for consideration by the Plenary Session. The text of the recommended resolution is as follows:

(p. 2)

WHEREAS:

1. In anticipation of their impending defeat, enemy leaders, enemy nationals and their associates and collaborators are transferring assets through clandestine channels to and through neutral countries to be concealed and held at their future disposal. Success on the part of such persons in secreting and preserving under their control substantial amounts of assets in and through neutral countries will perpetuate their influence, power, and ability to plan anew future aggrandisement and world domination. The efforts of the United Nations to establish and permanently maintain peaceful international relations after the conclusion of the present war would thereby be jeopardized.

2. Throughout the past four years enemy countries and their nationals have taken the property of occupied countries and their nationals. Enemy methods have ranged from open loot and plunder of currency, gold, securities, and other movable property, to subtle and complex devices, including the establishment of puppet governments in occupied territories, designed to give the cloak of

legality to their robbery and to secure for themselves ownership and control of important financial and economic enterprises in the postwar period despite the impending defeat of their armed forces. To ensure their success and to frustrate the efforts of postliberation governments to undo their work, they have, through sales and other methods of transfer, run the chain of their ownership and control through foreign countries, both occupied and neutral, thus making the problem of disclosure and disentanglement one of international character.

3. Throughout the past four years as the enemy has occupied additional countries, the residents, under duress, have been forced to turn over to him their assets. The United Nations have declared their intention to do their utmost to defeat the methods of dispossession practiced by the enemy and have reserved their rights to declare invalid any transfers of property belonging to persons within occupied territory. They have adopted special controls and other measures not only to protect and safeguard property, within their respective jurisdiction, owned by occupied countries and their nationals, but also to prevent looted property from being disposed of in United Nations markets or acquired by persons subject to their jurisdiction.

THEREFORE:

It is resolved that, in recognition of these considerations, the United Nations Monetary and Financial Conference:

(p. 3)

I. Notes with satisfaction the establishment by the United Nations of machinery designed to assist the nations of the world in

(a) uncovering, segregating, controlling, and making appropriate disposition of enemy assets;

(b) locating and tracing ownership and control of looted property and taking appropriate measures to make restoration to its lawful owners.

II. Recommends that all Governments represented at this Conference, and particularly those already participating in the operation of this machinery, 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 of institutions within those United Nations occupied by the enemy; and

(a) 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.

Respectfully yours,

Chairman: (Signed) ANDRE ISTEL, French Delegation
Reporter: (Signed) WILHELM KEILHAU, Norway

To the Honorable Eduardo Suarez
Chairman of Commission III

7/19/44

Document 482

C/S/RP2

Report of the Steering Committee

July 20, 1944

The Steering Committee met at 9 p.m. on July 19. The Secretary called attention to the provision of Article 10 (e) of the Regulations which provide for the constitution by the Steering Committee of a Coordinating Committee of the Conference. The Committee authorized the Chairman to constitute the Coordinating Committee.

The Steering Committee approved for submission to the Conference the following resolutions:

1. 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.

2. 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 of the Final Act, and if approved, submit it to the Final Plenary Session.

F. COE
Secretary.

Document 484

CII/DC/RP7

Supplemental Report of Drafting Committee of Commission II

July 20, 1944

The Drafting Committee of Commission II at its meeting on July 20 approved the following new texts for submission to the Commission:

Article II

Redraft of SECTION 8(a): *Time of payment of subscriptions*

(a) The two percent payable in gold and United States dollars under Section 7(i) of this Article, shall be paid within 60 days of the date on which the Bank begins operations, provided that any original member of the Bank whose metropolitan territory 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.

Article III

SECTION 1. *Use of resources*

(a) The resources and 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 reconstruction of the economy of members whose metropolitan territories have suffered great devastation from enemy occupation and hostilities, the Bank, in determining the conditions and terms of the loan made to such members, shall pay special regard to lightening the financial burden and expediting the completion of such reconstruction.

(p. 2)

Article XII

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 65% 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.

(p. 3)

(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-twentieth 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.

(p. 4)

(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 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 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

(p. 5)

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.

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).

(p. 6)

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 all or part of 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.

(p. 7)

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.

Document 492

(p. 2)

GD/48

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

Bretton Woods, New Hampshire

July 1 to July 22, 1944

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. Brigden, 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, Belgium Embassy, Washington
Baron René Boel, Counselor of the Belgium 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

(p. 3)

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 Provincia 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

(p. 4)

COLOMBIA

Carlos Lleras Restrepo, former Minister of Finance and Comptroller General; *Chairman of the Delegation*

Miguel López Pumarejo, former Ambassador to the Uníted 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. Montoulieu, 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

(p. 5)

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 Istel, 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 Liautaud, 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*

Asgeir Asgeirsson, 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 Advisor to the Government of India

Sir Chintaman D. Deshmukh, Governor, Reserve Bank of India

(p. 6)

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

(p. 7)

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 Arango, 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 Zółtowski, Financial Counselor, Polish Embassy, Washington

(p. 8)

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 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

(p. 9)

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

(p. 10)

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. Montoulieu (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.)

(p. 11)

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)

749013—48—60

Ping-Wen Kuo (China)
Robert Mossé (French Delegation)
Eduardo Suárez (Mexico)
A. A. Arutiunian (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 Bopp
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

(p. 12)

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. Montoulieu (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:

(p. 13)

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.

(p. 14)

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

(p. 15)

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 (p. 16)
   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

(p. 17)

(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.

(Signatures follow)

(p. A1)

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.

(p. A2)

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.

(p. A3)

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.

(p. A4)

(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,

(p. A5)

(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
(p. A6)
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;

(p. A7)

(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.

(p. A8)

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.

(p. A9)

(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.

749013—48—61

(p. A10)

(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 transactions 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:

(p. A11)

(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.

(p. A12)

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
(p. A13)
(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
(p. A14)
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 adjust-

ments 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.

(p. A15)

SECTION 4. *Immunity from other action*

Property and assets of the Fund, wherever located and by whomever 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

(p. A16)

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.

(p. A17)

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.

(p. A18)

(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 compensation 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

(p. A19)

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
(p. A20)
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 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.

(p. A21)

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.

(p. A22)

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. *Depositories*

(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, not withstanding 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
(p. A23)
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.

(p. A24)

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 transaction 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

749013—48—62

(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.

(p. A25)

(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)).

(p. A26)

(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,
(p. A27)
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 official 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;

(p. A28)

(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.

(p. A29)

(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 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 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.

(p. A30)

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.

(p. A31)

(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) 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.

(p. A32)

SCHEDULE A

Quotas

(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.

(p. A33)

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.

(p. A34)

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 for 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
(p. A35)
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.

(p. A36)

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;

(p. A37)

(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 distribution 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
(p. A38)
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 obli-

gated 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.

(p. A39)

List of Articles and Sections

749013—48—63

Schedules

(p. B1)

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.

(p. B2)

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:

(p. B3)

(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 territory 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;

(p. B4)

(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 unmobilized 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
(p. B5)
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.

(p. B6)

(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 reserve.

(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.

(p. B7)

(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 restrictions 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:

(p. B8)

(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 acordance 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 (a) (ii) of this Article during the first ten years of the Bank's operations, this rate of commission 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 reserve 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.

(p. B9)

(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 of 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.

(p. B10)

(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
(p. B11)
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.

(p. B12)

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.

(p. B13)

(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.

(p. B14)

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. (p. B15)

(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 Agree-

749013—48—64

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

(p. B16)

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.

(p. B17)

SECTION 3. *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 fulfil 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.

(p. B18)

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.
(p. B19)

(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.

(p. B20)

(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.

(p. B21)

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.

(p. B22)

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.

(p. B23)

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.

(p. B24)

(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
(p. B25)
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. (p. B26)

(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).

(p. B27)

SCHEDULE A

Subscriptions

	(millions of dollars)		(millions of dollars)
Australia	200	Iran	24
Belgium	225	Iraq	6
Bolivia	7	Liberia	.5
Brazil	105	Luxembourg	10
Canada	325	Mexico	65
Chile	35	Netherlands	275
China	600	New Zealand	50
Colombia	35	Nicaragua	.8
Costa Rica	2	Norway	50
Cuba	35	Panama	.2
Czechoslovakia	125	Paraguay	.8
*Denmark	–	Peru	17.5
Dominican Republic	2	Philippine Commonwealth	15
Ecuador	3.2		
Egypt	40	Poland	125
El Salvador	1	Union of South Africa	100
Ethiopia	3	Union of Soviet Socialist Republics	1200
France	450		
Greece	25	United Kingdom	1300
Guatemala	2	United States	3175
Haiti	2	Uruguay	10.5
Honduras	1	Venezuela	10.5
Iceland	1	Yugoslavia	40
India	400		
		Total	9100

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

(p. B28)

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.

(p. B29)

List of Articles and Sections

Schedules

(p. C1)

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 agreement reached on these large and complex matters is 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.

(p. C2)

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.

749013—48—65

Document 495

CII/RP1

Final Report of All Committees to Commission II

July 20, 1944

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 member countries 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 reserves and other resources.

(p. 2)

(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.

(p. 3)

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.

(p. 4)

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.

(p. 5)

SECTION 7. *Method of payment for 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, 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 capital stock of the Bank as defined in Section 2 of this Article.

(p. 6)

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 any original member of the Bank whose metropolitan territory 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.

(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 8 percent of the price of the share in addition to the payment of 2 percent referred to in (a) above;

(ii) not more than 5 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 subscrip-
(p. 7)
tion, of the amount of the currency of such member, which is held by the Bank and forms part of the currency originally paid in to the Bank by the member under Article II, Section 7 (i), part of the currency referred to in Article IV, Section 2 (b), or part of 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. (p. 8)

(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 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 only with members 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 100% 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:

(1) 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.

(p. 9)

(2) The Bank is satisfied that in the prevailing market conditions the borrower would be unable otherwise to obtain the loans under conditions which in the opinion of the Bank are reasonable for the borrower.

(3) 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.

(4) 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.

(5) 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, the guarantor, will be in position to meet its obligations under the loan; and the Bank shall act prudently in the interest both of the particular member in whose territories the project is located and of the members as a whole.

(6) In guaranteeing a loan made by other investors, the Bank receives suitable compensation for its risk.

(7) 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.

(p. 10)

(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, the Bank shall open an account in the name of the borrower and the amount of the loan granted by the Bank 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, surplus and 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.

(p.11)

(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 only if that member agrees 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, 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, 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.

(p. 12)

(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 to make amortization payments, to anticipate payment of or to 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 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.

(e) Currencies raised in the market 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 the members.

SECTION 3. *Provision of currencies for direct loans.*

The following provisions shall apply to direct loans under Sections 1 (a) (i) and 1 (a) (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.

(p. 13)

(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 1 (a) (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 commission 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
(p. 14)
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 out of commissions and 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.

(p. 15)

(ii) In the case of loans made under Section 1 (a) (ii) of this Article, the total amount of such loans 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 or guaranteed by that member cannot be provided in the stipulated manner, the member concerned may appeal 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 for the repurchase of such currency on appropriate terms.

(ii) The Bank may modify the schedule of amortization or prolong the life of the loan, or both.

(p. 16)

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 out of commissions and 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, 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.

(p. 17)

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 used only for meeting liabilities of the Bank in accordance with Section 7 of this Article. Such special reserve shall be accumulated and held in such liquid form as the directors may decide until it equals at least ten percent of the direct and contingent liabilities of the Bank.

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

(a) In cases of default on loans made, participated in, or guaranteed by the Bank, it 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 liabilities of the Bank on borrowings or guarantees under Sections 1 (a) (ii) and 1 (a) (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.

(p. 18)

(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 the Bank, 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 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 issued, 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.

(p. 19)

(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.

(p. 20)

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.

(p. 21)

(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.*

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

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.

(p. 22)

(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
(p. 23)
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.

(p. 24)

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 meeting. 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.

(p. 25)

SECTION 6. *Advisory Council.*

There shall be an Advisory Council of not less than seven persons selected by the Board of Governors from representatives of banking, business, 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.

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, except that 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.

(p. 26)

(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 paragraph and participated in primarily by members of the Bank, the Bank should give consideration to the views and recommendations of such organization.

749013—48—66

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
(p. 27)
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.

(p. 28)

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 out of its currency subscription under Article IV, Section 1 (a) (i). Any balance 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.

(p. 29)

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 fulfil 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 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
(p. 30)
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 paragraphs (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 the government for its shares shall be withheld so long as the government, its central bank or any of its agencies remains liable, directly or contingently, to the Bank and such amount may, at the option of the Bank, be applied on any such liability as it matures; but 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 para-
(p. 31)
graph (b) above exceeds the aggregate of liabilities in paragraph (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 any loss is sustained by the Bank on any guarantee, participation in a loan, or loan which was outstanding on the date the government ceased to be a member, and the amount of such loss exceeds the amount of the reserve provided against losses on the date 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 loss 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 goes into liquidation 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.

(p. 32)

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 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 (Article II, Section 9) shall continue until all claims of creditors, including all contingent claims, shall have been discharged.

(d) All creditors holding direct claims shall be paid immediately out of the assets of the Bank, and, then out of payments to the Bank or calls on shares. Before making any payments the Directors shall provide for a distribution to all creditors ratably.

(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.

(p. 33)

(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 based on 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 convertible exchange, insofar as they are held by the Bank, up to an amount equivalent in value to such balance.

(p. 34)

(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.

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.*

Action 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.

(p. 35)

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 (p. 36) 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.

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
(p. 37)
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 (1) the right to withdraw from the Bank (Article VI, Section 1); the rights secured by Article II, Section 3(c); and 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.

(p. 38)

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. 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
(p. 39)
shall be deemed 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 65% 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.

(p. 40)

(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.

(p. 41)

(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 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 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
(p. 42)
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.

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).

(p. 43)

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 all or part of 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. (p. 44)

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.

Document 496

CIII/M/3

Minutes of Meeting of Commission III

Other Measures for International Monetary and Financial Cooperation

(*July* 20, 1944, 2 *p.m.*)

The meeting was called to receive the reports of the three committees which had been appointed at the second meeting of Commission III on July 10, 1944.

The Commission adopted the report of Committee 1 on "The Use of Silver for International Monetary Purposes" and the recommendation of the Committee as to the report to be made by Commission III to the Plenary Session concerning this subject. After relinquishing the Chair to the Vice Chairman, the Chairman, The Honorable Eduardo Suárez, Minister of Finance of Mexico, addressed the Commission in support of the Committee recommendation, stressing the necessity that some action be taken in this field (statement distributed as document No. 459).

Committee 2 on "Enemy Assets, Looted Property, and Related Matters" placed before the Commission two measures which had received unanimous approval in the Committee. The first was a proposed recommendation by the Conference that the Bank for International Settlements be liquidated as soon as possible. The second, a resolution relating to enemy assets and looted property, was presented for adoption in principle with a recommendation that a drafting committee be appointed to make certain language changes suggested by the Delegation of the Soviet Union. A drafting committee, consisting of the Soviet Union, the United Kingdom, the United States, and the Chairman and Reporting Delegate of Committee 2, was appointed for this purpose and empowered to prepare the resolution for presentation to the Plenary Session of the Conference.

The report made by Committee 3 on "Economic and Financial Policies, Exchange of Information, and Other Means of Financial Cooperation" and the recommendations made therein were accepted by the Commission. Of the matters considered in the Committee, two were subject to specific discussion and vote by the full Commission. The first was the resolution combining the proposals submitted by Bolivia, Brazil, Chile, Cuba, and Peru. The statements made by the Delegates of Canada and Peru with respect to this resolution have been circulated as documents Nos. 485 and 435. After considerable discussion, the resolution was adopted by the Commission with the recommendation that the Chairman of the Commission be empowered to make appropriate modifications in the two "whereas" clauses to incorporate any changes made in the draft Articles of Agreement of the International Monetary
(p. 2)
Fund, as well as appropriate reference to the Bank for Reconstruction and Development in the light of action taken by Commission II. The second matter which was the subject of separate discussion and vote was a resolution introduced by the Australian Delegation recommending that the governments invited to accept the International Monetary Agreement be invited to accept concurrently a pledge to maintain high levels of employment in their respective countries. The remarks made by the Australian Delegation in support of their proposal have been circulated as document No. 467. A motion for adoption of the Australian resolution was defeated.

Document 497

(p. 94)

JOURNAL

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

No. 21 Bretton Woods, New Hampshire July 21, 1944

ORDER OF THE DAY

Meetings for Friday, July 21

9 a.m.	Special Committee of Commission II	Room A
11 a.m.	Commission II	Auditorium
5 p.m.	Executive Plenary Session	Auditorium

(p. 95)

Résumé of Executive Plenary Session

(*July* 20, 4 *p. m.*)

The Reporting Delegate of Commission I, L. Rasminsky (Canada), delivered his report on the work of the Commission, which included as an annex the Articles of Agreement which had been drafted by Commission I for the International Monetary Fund.

The motion of Lord Keynes (United Kingdom), seconded by Judge Vinson (United States), that reservations to the draft Articles of Agreement should be confined to the minutes of the Commission and omitted from the records of the Conference and the Final Act, was adopted after speeches of agreement by the representatives of China, the French Delegation, the Union of Soviet Socialist Republics, Greece, Ethiopia, Yugoslavia, India, Australia, Peru, and Egypt. Mr. Nash (New Zealand), through a letter to Dr. White (United States), withdrew his reservation. The Delegate from Ethiopia corrected the record, pointing out that no reservation had been made by his country. The Representative of Peru made it clear that he had stated the law of his country and had not made a reservation. Subsequently the motion to accept the report of the Commission was passed, after Mr. Melville (Australia) had announced that he was not empowered to sign the Final Act for Australia and Mr. Macintosh (Canada) had made it clear that the proceedings of the Conference did not bind governments.

A resolution regarding depositories (Document 479) was accepted. Two resolutions by the Steering Committee (contained in Document 482), reported by Mr. Gutt (Belgium), were accepted—one dealing with the preparation of the Final Act and one granting permission to the United States to publish the proceedings of the Conference.

The meeting adjourned at 5:30 p.m.

Résumés of Commission Meetings

Commission II

Bank for Reconstruction and Development

(*July* 20, 10 *a. m.*)

At the seventh meeting of Commission II, the report of the Drafting Committee (Document 468) and a report of Committee 2 (Document 478) were considered.

The bulk of the material was approved, subject to redrafting. The remaining sections were referred to the Special Committee and the Drafting Committee.

(p. 96)

Commission III

Other Means of International Financial Cooperation

(*July* 20, 2 *p. m.*)

Commission III met to receive the reports and recommendations of the three *ad hoc* committees appointed at the meeting of July 10, 1944 to consider the following general subjects:

(1) The Use of Silver for International Monetary Purposes
(2) Enemy Assets, Looted Property, and Related Matters
(3) Recommendations on Economic and Financial Policy, the Exchange of Information, and Other Means of Financial Cooperation

The Commission adopted the reports and recommendations of the three Committees (circulated as documents 425, 481 (470), and, 428, respectively).

(The minutes of this meeting are being distributed separately as document no. 496.)

(p. 97)

List of Documents Issued as of July 20, 1944

Subject	*Symbol*	*Doc. No.*
Press Release No. 37	PR/37	462
Press Release No. 38	PR/38	463
News Bulletin No. 30		464
Journal No. 20	J/20	465
Report No. 6 of Special Committee of Commission I	CI/SP/6	466
Statement by Australian Delegation on Report of Committee 3 to Commission III, dated July 10 (Doc. 428), and on Australian Resolution on Employment Agreement (Doc. 235)	DP/28	467
Report of Drafting Committee of Commission II, Annex I, July 19	CII/DC/RP6	468

Subject	*Symbol*	*Doc. No.*
Minutes of Meetings of Commission II, July 19, 11:30 a.m. and 4:30 p.m.	CII/M/5	469
Report Submitted to Commission III by Committee 2 on Enemy Assets, Looted Property, and Related Matters	CIII/2/RP1	470
Order of the Day, July 20	GD/46	471
Report of Commission I	CI/RP1	472 (448)
Minutes of Meeting of Commission I, July 19	CI/M/9	473
(Omitted)		474
News Bulletin No. 31		475
(Cancelled)		476
Statement by Netherlands Delegation to Commission III, July 20	DP/29	477
Additional Material Approved by Committee 2 of Commission II	CII/2/RP3	478
Resolution To Be Introduced at Executive Plenary Session, July 20	GD/47	479
Proposal by USSR Delegation—Amendment, Commission II (p. 98)	CII/DC/RP6	480 (468)
Report Submitted to Commission III by Committee 2 on Enemy Assets, Looted Property, and Related Matters	CIII/2/RP2	481 (470)
Report of Steering Committee	C/S/RP2	482
Press Release No. 39—Statement by Egyptian Delegation	PR/39	483
Supplemental Report of Drafting Committee of Commission II, July 20	CII/DC/RP7	484
Press Release No. 40—Statement by Canadian Delegation at Meeting of Commission III	PR/40	485
News Bulletin No. 32		486
Press Release No. 41—Statement by Lord Keynes Before Executive Plenary Session, July 20	PR/41	487
Press Release No. 42—Statement by Greek Chairman Before Executive Plenary Session, July 20	PR/42	488
Press Release No. 43—Statement by Yugoslav Delegate Before Executive Plenary Session, July 20	PR/43	489
Press Release No. 44—Statement by Chinese Delegate Before Executive Plenary Session, July 20	PR/44	490
Press Release No. 45—Statement by French Delegate Before Executive Plenary Session, July 20	PR/45	491
Press Release No. 46—Statement by Judge Vinson Before Executive Plenary Session, July 20	PR/46	493

749013—48—67

Document 505 (495)

CII/RP2

Report of Commission II to the Executive Plenary Session

ANNEX I

Articles of Agreement of the International Bank

7/21/44

Index to the Articles of Agreement of the International Bank for Reconstruction and Development

Report of Commission II

ANNEX I

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 purpose 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.

(p. 2)

(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.

(p. 3)

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.

(p. 4)

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.

(p. 5)

SECTION 7. *Method of payment for 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, 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.

(p. 6)

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 territory 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 with a reasonable time an additional amount of its own currency sufficient to maintain the value, as of the time of initial subscrip-
(p. 7)
tion, 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.
(p. 8)

(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:

(1) 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.

(p. 9)

(2) 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.

(3) 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.

(4) 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.

(5) 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.

(6) In guaranteeing a loan made by other investors, the Bank receives suitable compensation for its risk.

(7) 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.

(p. 10)

(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, the Bank shall open an account in the name of the borrower and the amount of the loan granted by the Bank 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, surplus and reserves, subject to Section 6 of this Article.
- (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.

(p. 11)

(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.
(p. 12)

(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 to 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 1 (a) (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.

(p. 13)

(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 1 (a) (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 commission 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
(p. 14)
by the Bank with respect both to the outstanding portions of loans already made and to future loans, if the reserve 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.
(p. 15)

(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 the agencies cannot be provided in the stipulated manner, the member concerned may appeal 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 and maintenance of the foreign exchange value of such currency; 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.

(p. 16)

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 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.

(p. 17)

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 used only for meeting liabilities of the Bank in accordance with Section 7 of this Article. The special reserve shall be held in such liquid form as the Executive Directors may decide provided that they may employ in any manner permitted under this Agreement any portion of the reserve exceeding ten percent of the direct and contingent liabilities of the Bank.

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 1(a) (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.

Article IV,
Sec. 6, 7

(p. 18)

(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 the Bank, 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.

Article IV, Sec. 8

(p. 19)

(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.

(p. 20)

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 of 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.

(p. 21)

(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.*

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

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.

(p. 22)

(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 Gov-

(p. 23)

ernors 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.

(p. 24)

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.

(p. 25)

SECTION 6. *Advisory Council.*

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.

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.

Article V, Sec. 6, 7, 8

(p. 26)

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

Article V,
Sec. 9, 10, 11

(p. 27)

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.

(p. 28)

SECTION 13. *Publication of reports and provisions 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 out of currency corresponding to its subscription under Article IV, Section 1(a) (i). 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.

Art. V, 13, 14

(p. 29)

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 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

Art. VI, 1-4

(p. 30)

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 paragraphs (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 paragraph (b) above exceeds the aggregate of liabilities on loans and guarantees in paragraph (c) (i) above until the former member has received the full repurchase price.

(p. 31)

(iii) Payments shall be made in the currency of the country receiving payment or at the option of the Bank in gold.

(iv) If any loss is sustained by the Bank on any guarantee, participation in a loan, or loan which was outstanding on the date when the government ceased to be a member, and the amount of such loss 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 loss 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.

Art. VI, 4

(p. 32)

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 (Article II, Section 9) 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 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.

(p. 33)

(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 based on 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.

Art. VI

(p. 34)

(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

Art. VII, 1-3

(p. 34a)

and assets of the Bank shall, whersoever located and by whomsoever held, be immune from all forms of seizures, attachment or execution before the delivery of final judgment against The Bank.

Art. VII, 3

(p. 35)

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
(p. 36)
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—

(p. 36a)

(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

Art. VII, 9, 10

(p. 37)

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 rights to withdraw from the Bank (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.

Art. VIII

(p. 38)

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

Art. IX, X

(p. 39)

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 65% 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.

(p. 40)

(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.

(p. 41)

(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

Art. XI, 3

(p. 42)

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).

Art. XI, 3

(p. 43)

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 all or part of 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. (p. 44)

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.

Document 507

CII/M/6

Minutes Of Meeting Of Commission II

Bank for Reconstruction and Development

(*July* 20, 1944, 10:00 *a.m.*)

At the seventh meeting of Commission II, the following reports were considered:

(1) Report of the Drafting Committee, Document #468
The reports was approved, subject to the following amendments and reservations:

(a) Article I, Section 2
Amended by deleting the words "reserves and" from the last line.

(b) Article I, Section 4
Reservation by USSR.

(c) Article II, Section 2
The words and figures "July 1, 1944" were inserted.

(d) Article II, Section 5 (ii)
Reservation by USSR.

(e) Article II, Section 7 (iii)
Reservation by USSR.

(f) Article II, Section 8 (b) (i), second line, figure 10 changed to 8.

(g) Article IV, Section 4 (a)
Reservation by USSR.

(h) Article IV, Section 5 (a)
Reservation by USSR.

(i) Article IV, Section 7 (c) (i)
Amended by deleting the words at the end of the paragraph, beginning, "and in this event".

(j) Article IV, Section 7 (c) (ii)
Amended to read as follows:
"To repurchase or otherwise discharge its liabilities on part or all of its own outstanding borrowings."

(p. 2)
- (k) Article IV, Section 8 (ii)
  Amended by deleting at end the words "of such securities".
- (l) Article V, Section 5 (a)
  Insert, after the word "Directors" in line 3, "or an alternate for either".
- (m) Article V, Section 11 (b)
  Reservation by USSR to the last sentence.
- (n) Article V, Section 14 (b)
  Reservation by USSR.

(2) Report of Committee 2, Document #478
- (a) Paragraph 1 was amended by deleting "and" in line 3 and substituting "or". Reservation by France.
- (b) Paragraph 2 approved.

These reports, as approved, were referred to the Special Committee and the Drafting Committee for further consideration and preparation of the final draft for the next meeting of the Commission.

Document 509

C/CO/RP1

Report Of The Coordinating Committee

(2 *p.m. July* 21, 1944)

The Coordinating Committee met at 2 p.m., July 21 in Room W-3 with the following present:

Fred M. Vinson (U.S. Chairman)
Arthur de Souza Costa, Brazil
Ping-wen Kuo, China
Robert Mosse, French Delegation
Eduardo Suarez, Mexico
A. A. Arutiunian, U.S.S.R.
Lionel Robbins, U.K.

The Committee approved for submission to the Conference the folowing:

Summary of Agreement 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 agreement reached on these large and complex matters is 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.

(p. 2)

II. *The 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 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.

FRANK COE
Secretary

Document 510

Resolution, Recommendations And Statement Submitted To The Conference By Commission III

I

RESOLUTION ON 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.

(p. 2)

II

RECOMMENDATION REGARDING 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

They 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 intentions 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

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 restoration to its lawful owners;

(p. 3)

II. RECOMMENDS

That all Governments represented at this Conference take action appropriate to their position in the 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

(a) 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.

III

RECOMMENDATION REGARDING THE 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.

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.

Document 511

Commission II: Report of Subscriptions Committee

The Subscriptions Committee of Commission II has agreed to recommend to the Commission the following subscriptions for the Bank:

Subscriptions

	(millions of dollars)		(millions of dollars)
Australia	200	Iran	24
Belgium	225	Iraq	6
Bolivia	7	Liberia	.5
Brazil	105	Luxembourg	10
Canada	325	Mexico	65
Chile	35	Netherlands	275
China	600	New Zealand	50
Colombia	35	Nicaragua	.8
Costa Rica	2	Norway	50
Cuba	35	Panama	.2
Czechoslovakia	125	Paraguay	.8
*Denmark		Peru	17.5
Dominican Republic	2	Philippine Commonwealth	15
Ecuador	3.2	Poland	125
Egypt	40	Union of South Africa	100
El Salvador	1	Union of Soviet Socialist Republics	900
Ethiopia	3	United Kingdom	1300
French Committee of National Liberation	450	United States	3175
Greece	25	Uraguay	10.5
Guatemala	2	Venezuela	10.5
Haiti	2	Yugoslavia	40
Honduras	1		
Iceland	1		
India	400	Total	8800

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

The Committee was composed as follows: Belgium, Brazil, Canada, China, Cuba, Czechoslovakia, Egypt, French Delegation, India, Mexico, New Zealand, Norway, United Kingdom, Union of Soviet Socialist Republics, United States, Chairman.

FRED M. VINSON, *Chairman*

Document 519 (473)

CI/M/10

Corrected Minutes of Meeting of Commission I

INTERNATIONAL MONETARY FUND

(*July* 19, 1944, 9:15 *p.m.*)

The Chairman of the Drafting Committee presented the report of that Committee, laying before the Commission the text of the Articles of Agreement as edited by the Committee. (The report is being separately circulated as Document 448; the text of the Articles of Agreement has been circulated as Annex I to Document 448). The Commission delegated to the Secretariat authority to make purely formal changes in the draft. The Delegate of the Netherlands expressed the appreciation of the Commission for the arduous and painstaking work of the Drafting Committee.

The Chairman of the Special Committee then presented his report, indicating that the material included in the report had been approved by the Commission in substance but had been modified in some degree by the Committee. He referred to article V, section 7(c) (p. 12, Document 448). The Special Committee felt that repurchase should not go beyond the point where the Fund's holdings of a currency have fallen to 75 percent, and that it was desirable to drop the requirement of consent of the country whose currency was being sold to the Fund. The Commission approved.

A modification of article XII, section 3, on election of Executive Directors, to meet future contingencies, was unanimously recommended by the Special Committee (Document 466). The Delegate of Egypt rose to a point of order on the ruling of the Chairman at the seventh meeting of the Commission with respect to Alternative E (Document 410). The Commission sustained the previous ruling of the Chairman. The Delegate of Egypt then moved (seconded by Iraq) that there should be one regional director (by election) from the Middle East. The motion was lost. The Commission then adopted the report of the Special Committee (Document 466, part I). Later in the session the Delegate of Cuba moved to amend the foregoing action by striking out all of the balance of the paragraph after the words "be elected" in the fourth line from the bottom of page 1 and the first three lines on page 2 (Document 466). The motion was carried.

The Commission approved a proposal by the Delegate of the United States to substitute "1/100 of 1 percent" for "1/20 of 1 percent" in article XX, section 2(d) (p. 42, Document 448).

The Delegate of the Union of Soviet Socialist Republics proposed the deletion of article XIX, paragraph (i) (4) (p. 41, Document 448), reading "Moderate immigrant remittances for family living expenses", on the ground that it would be difficult to distinguish immigrant remittances which were capital transactions. The Dele-
(p. 2)
gates of the French Delegation, Bolivia, and Cuba supported the

Soviet proposal. The Delegates of China, Greece, India, Canada, Egypt, El Salvador, and the Netherlands spoke in opposition to the amendment. The Delegate of Cuba proposed that the word "immigrant" be deleted. The Commission accepted this proposal. A vote on the elimination of item (4) was lost. The Soviet Delegation asked that its position be recorded. The Delegate of Czechoslovakia moved that the word "abroad" be added to item (4) as amended. The Drafting Committee was authorized to insert this word in the proper place. (Subsequent to the session, the Delegate of Czechoslovakia withdrew his suggestion.)

The Delegate of the Union of Soviet Socialist Republics said that he wished to place on record his view that in interpreting the meaning of "monetary reserves" (article XIX, paragraph (e), page 40, Document 448), the Fund should take into account the special condition of the Soviet Union, where all banking business was in the hands of the State. The Delegate of the United Kingdom said that in framing the definitions an attempt had been made to meet the special position of the Soviet Union, by putting state trading institutions on the same footing as private banks in respect of the conditions under which their holdings may be regarded as part of monetary reserves.

> (The Delegate of the Union of Soviet Socialist Republics has further clarified his statement in the sense that "the Fund should take into consideration the special conditions in the Union of Soviet Socialist Republics, namely, the centralization of these reserves and of banking activities practically in one single bank, the State Bank of the Union of Soviet Socialist Republics. This Bank should be authorized in computing its foreign exchange holdings to take account of its working balances for financing foreign trade.")

The Delegate of the United States proposed a change in Schedule C (page 50, Document 448; see section II, Document 466) designed to bring Schedule C into better conformity with the small number of directors to be elected. The proposal was accepted by the Commission.

The Delegate of the Union of Soviet Socialist Republics then moved that article V, section 8(f) (p. 14, Document 448), be amended to provide for uniformity for all countries in the proportion of charges to be paid in gold. The motion was lost. He suggested that the provision be modified so that "the Fund's reports to members, as well as unofficial communications, shall not be published without agreement with the respective member". This motion was defeated. He proposed further an addition at the end of the second sentence of article XIII, section 2(b) (p. 32, Document 448), to read as follows: "in each of the four other countries with the largest quotas, the Fund should hold gold in the amount not less than the amount of their contribution in gold". The motion was lost.

(p. 3)

On motion of the United States, seconded by Czechoslovakia, the Commission unanimously adopted Document 448 as a whole, as amended by acts of the Commission earlier in the session.

The Reporting Delegate of Commission I then asked the assistance of the members of the Commission with regard to the accuracy of his record of reservations which had been made by various delegations so that his report to the Executive Session of the Conference could be complete.

The Chairman thanked the Commission for its splendid work. The Commission in turn expressed its appreciation to the presiding officer for his conduct of the meetings and the success of the Commission.

The meeting adjourned at 11 p.m.

ADDENDUM TO FINAL MINUTES OF COMMISSION I

In conformity with the motion adopted by the Executive Plenary Session of the Conference held on July 20, 4 p.m., that reservations to the draft Articles of Agreement should be confined to the minutes of the Commission and omitted from the records of the Conference and Final Act, the following reservations and statement which have been received are recorded and made a part of the minutes of the final meeting of Commission I:

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
(p. 4)
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.

By the French Delegation:

Article III, SECTION 1.

Reservation as to the French quota and European quotas in general.

Article III, SECTION 3.

Reservation as to the deletion of a clause in favor of enemy-occupied countries and relative to gold payments.

Article IV, SECTION 7.

Reservation as to the power of changing the price of gold retained by three countries and to the veto power accorded to each of them.

Article V, SECTION 3 (a), (iii).

Reservation as to lack of flexibility.

Article V, SECTION 7 (b).

Reservation as to the non-inclusion of a clause in favor of enemy-occupied countries.

(p. 5)

Article XIX, (b) and (c).

Reservation as to the definition of "official holdings".

Article XIX, (i).

Reservation as to the definition of "current transactions".

Article XX, SECTION 3 (b).

Reservation as to the date mentioned which may not take sufficiently into account the situation of enemy-occupied countries.

By the Delegation of India:

Reservation as to the size of the quota for India.

By the Delegation of Iran:

Reservation as to the size of the quota for Iran.

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

(p. 6)

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 Peruvian Delegation:

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.

Document 523

(p. 99)

JOURNAL

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

No. 22 Bretton Woods, New Hampshire *July 22, 1944*

ORDER OF THE DAY

10 p.m. Closing Plenary Session Auditorium

Résumé of Meetings of Commission II

Bank for Reconstruction and Development

(*July* 21, 1944, 11 *a.m. and* 6 *p.m.*)

At the morning meeting of the Commission, the Final Report of All Committees to Commission II, Document 495, was considered. Various points were referred to the Special Committee and the Drafting Committee.

(p. 100)

At the afternoon meeting, the Report of Commission II, Document 505 (the amended version of Document 495), was submitted by the Special Committee and the Drafting Committee jointly. It was approved by the Commission, subject to the following amendment:

Article IV, section 6, was amended and now reads as follows:

"*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."

The report of the Subscriptions Committee, Document 511, was presented by the Chairman and adopted after changing the words "French Committee of National Liberation" to "France". It was agreed by the Commission to include this report as Schedule A of Document 505.

(The minutes of this meeting are being distributed separately as document no. 525.)

Notices

Farewell Dinner

A change in the schedule for the Closing Plenary Session necessitates advancing the Farewell Dinner by the President of the Conference from 8 p.m. to 7:30 p.m. on Saturday, July 22.

The Chairmen of the respective delegations, or their alternates, will be seated at the Speaker's Table. No other table reservations are being made for the members of the delegations or the Secretariat.

(p. 102)

List of Documents Issued as of July 21, 1944

Subject	*Symbol*	*Doc. No.*
Order of the Day, July 21	GD/49	494
Final Report of All Committees to Commission II	CII/RP1	495
Minutes of Meeting of Commission III	CIII/M/3	496
Journal No. 21	J/21	497
News Bulletin No. 33		499
Addition to Judge Vinson's Statement Before Executive Plenary Session, July 20	PR/47	500
Remarks by Peruvian Delegate Before Commission III	PR/48	501
Motion on Silver by Peruvian Delegate Before Commission III	PR/49	502
Statement by Soviet Delegate Before Executive Plenary Session, July 20	PR/50	504
Report of Commission II, Annex I	CII/RP2	505 (495)
Minutes of Commission II, July 20, 10 a.m.	CII/M/6	507
Memorandum on International Monetary Fund (Rewrite of Doc. 397)	PR/51	508
First Report of Coordinating Committee, 2 p.m., July 21	C/CO/RP1	509
Resolution, Recommendations, and Statement Submitted to the Conference by Commission III	CIII/R/1	510
Report of Subscriptions Committee of Commission II	CII/Qc/RP1	511
News Bulletin No. 34		512

Document 524

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

Report of Commission III (Other Measures for International Monetary and Financial Co-operation) to the Executive Plenary Session, July 21st, 1944.

Edward C. Fussell (New Zealand) *Reporting Delegate.*

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 3rd, to examine any proposals which might be submitted regarding other means of international financial co-operation.

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 Hon. 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 3rd to consider the suggestions received and make recommendations as to the problems which should be dealt with by the Commission. During the ensuing week fifteen 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."

(p. 2)

Secondly—"Enemy Assets, Looted Property and related matters."

Thirdly—"Recommendations on Economic and Financial Policy. The Exchange of Information, and Other Means of Financial Co-operation."

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:

(p. 3)

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 jeopardising 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 postwar period;

749013—48—70

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.

(p. 4)

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 inter-

(p. 5)

national 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 recognised 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.

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. (p. 6)

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.

Document 525

CII/M/7

Minutes of Meetings of Commission II

Bank for Reconstruction and Development

(*July* 21, 1944, 11 *a.m. and* 6 *p.m.*)

At the morning meeting of the Commission, the Final Report of All Committees to Commission II, Document 495, was considered.

Various points were referred to the Special Committee and the Drafting Committee. The delegate from Bolivia expressed dissatisfaction with the words "except in special circumstances" in article III, section 4(7), but did not enter a formal reservation.

At the afternoon meeting, the Report of Commission II, Document 505 (the amended version of Document 495), was submitted by the Special Committee and the Drafting Committee jointly. It was approved by the Commission subject to the following amendment:

Article IV, section 6, was amended and now reads as follows:

> "*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."

A motion to amend article VIII, section (b), so as to require unanimous consent to a reduction of the voting power of any member was lost.

The report of the Subscriptions Committee, Document 511, was presented by the Chairman and adopted after changing the words "French Committee of National Liberation" to "France". It was agreed by the Commission to include this report as Schedule A of Document 505.

After the close of the meeting the following communication from the U.S.S.R. Delegation was received by the Reporting Delegate:

> "The U.S.S.R. Delegation has its remarks and amendments on a number of the provisions of the Agreement of the International Bank for Reconstruction and Development and particularly the following reservations:

(p. 2)

1. *Article I, Section 4*
   To delete this section.
2. *Article III, Section 1 (b)*
   After the words 'and expediting the completion of such restoration and reconstruction' to add the following words: 'and shall establish favorable interest and commission rates for such loans'.
3. *Article V, Section 11 (b)*
   To delete the word 'initially' in the second case.

"The Delegation of the USSR requests you to include into your report to the Plenary Session of the Conference on the Draft of the Agreement on the International Bank for Reconstruction and Development and into the minutes of the Session the above said reservations."

Document 527

CII/RP3

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

Report of Commission II (International Bank for Reconstruction and Development) to the Executive Plenary Session, July 21, 1944

GEORGES THEUNIS (Belgium) *Reporting Delegate.*

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 of 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. (p. 2)

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 twenty-five 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, 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,
(p. 3)
however, that a loan granted to one country from the resources or with a 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. (p. 4)

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 seventeen 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.

(p. 5)

But don't let us stop with contemplation of the two mile-stones 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 farsighted 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 U.S.A. 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.

Document 531

GD/53

Closing Plenary Session

July 22, 1944—9:45 *p.m.*

1. Address by the Representative of the United Kingdom, and motion to accept the Final Act.
2. Seconding addresses by the Representatives of:
   (1) Union of Soviet Socialist Republics
   (2) Canada
   (3) France
3. Resolution of thanks by the Representative of Brazil.
4. Seconding of the resolution by the Representatives of:
   (1) Norway
   (2) Cuba
5. Farewell Address by the President of the Conference.
6. *Star-Spangled Banner.*

(The Chairmen of the Delegations, or their alternates, may sign the Final Act in Room B following the close of the Plenary Session, or from 10 a.m. to 12 noon on Sunday in the same Room.)

Document 546

(p. 103)

JOURNAL

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE
No. 23 Bretton Woods, New Hampshire July 23, 1944

RÉSUMÉ OF EXECUTIVE PLENARY SESSION

(*July* 21, 7 *p.m.*)

The Reporting Delegate of Commission II, Georges Theunis (Belgium), reported on the work of Commission II and submitted the Articles of Agreement on the International Bank for Reconstruction and Development which had been drafted by Commission II. After the motion had been seconded by Lord Keynes, with a short speech, and after short statements had been made by the President, Mr. Acheson (United States), and Mr. Istel (French Delegation), the report was adopted. The Delegate from Australia announced that he was not authorized to vote.

Mr. Fussell (New Zealand), the Reporting Delegate of Commission III, submitted the resolutions and recommendations of Commission III (Document 510). The report was seconded by Mr. Suarez (Mexico) and adopted by the Executive Plenary Session; it will be incorporated in the Final Act.

(p. 104)

Mr. Kuo (China) presented the report of the Coordinating Committee (Document 509) and moved that the Conference should adopt it and incorporate it in the Final Act. The motion was seconded by the Delegate from Czechoslovakia and carried by the Conference.

After congratulations by the President on the work which had been done by all the delegates, technicians, and assistants, the Plenary Session adjourned.

Résumé of Meeting of Coordinating Committee

(*July* 22, 6 *p.m.*)

The Coordinating Committee met at 6 p.m. on July 22 and approved the Final Act for submission to the Conference at the Closing Plenary Session at 9:45 p.m.

(p. 105)

List of Documents Issued as of July 23, 1944

Subject	*Symbol*	*Doc. No.*
Final Act	GD/48	492
Press Release No. 52—Remarks by French Delegate at Executive Plenary Session, July 22		513
Press Release No. 53—Remarks by Lord Keynes at Executive Plenary Session, July 22		514
Order of the Day, July 23	GD/51	515
Press Release No. 54		516
Press Release No. 55		517
Corrected Minutes of Meeting of Commission I, July 19	CI/M/10	519
Press Release No. 56		520

Subject	*Symbol*	*Doc. No.*
Press Release No. 57		521
Press Release No. 58		522
Journal No. 22		523
Report of Commission III to Executive Plenary Session, July 21	CIII/RP1	524
Minutes of Meetings of Commission II, July 21, 11 a.m. and 6 p.m.	CII/M/7	525
Report of Commission II to Executive Plenary Session, July 21	CII/RP3	527
Schedule of Operations for Conference Trains	SN/11	529
News Bulletin		530
Program for Closing Plenary Session, July 22, 9:45 p.m.	GD/53	531
Press Release No. 59		532
Press Release No. 60 (p. 106)		533
Press Release No. 61		534
Press Release No. 62		535
Press Release No. 64		537
Press Release No. 65		538
Press Release No. 66		539
Press Release No. 67		540
Press Release No. 68		541
Press Release No. 63		542 (536)
Press Release No. 69		543
Press Release No. 70		544
Press Release No. 71		545
Journal No. 23	J/23	546
Verbatim Minutes of Closing Plenary Session, July 22	GD/54	547

Document 547

GD/54

Verbatim Minutes of the Closing Plenary Session

(*July* 22, 1944, 9:45 *p.m.*)

THE PRESIDENT (SECRETARY MORGENTHAU): The final Plenary Session please come to order. Everybody kindly take a seat.

I have just received word that the Soviet Union has decided to increase its subscription to the International Bank for Reconstruction and Development from $900,000,000 originally agreed upon to the amount of $1,200,000,000.

By this step, the Soviet Union has carried even further its collaboration toward the success of this Conference and toward assuring international collaboration in solving the post-war problems of the world. The solution of these future problems will have the inestimable support of the Union of Soviet Socialist Republics. Gentlemen, the announcement which you have heard tonight is, in my estimation, one which is fraught with more significance and more hopeful meaning for the future of the world than any which those of us here have heard so far.

I recognize the Delegate of the United States, Judge Vinson.

JUDGE VINSON (United States): Mr. President, when the word came to the enemy countries that the United Nations were to hold this Conference looking toward the stabilization and restoration of a ravaged world and the development of the world they must have been informed of the solidarity of the United Nations. It must have shown to them that the United Nations are not only competent of winning the war but they plan for a better world after the war. Mr. President, tonight, when we approach the completion of our task and when we have such heartening messages, terror must reach the heart of the enemy countries.

Mr. President, I ask unanimous consent that on page B27 of Annex B, which deals with the Bank for Reconstruction and Development, opposite the name of the Union of Soviet Socialist Republics, the figures "900" be stricken and in lieu thereof the figures "1200" be inserted, and that in the total figures "8,800,000,000" be stricken and in lieu thereof the figures "9,100,000,000" be inserted, and that if amendment be necessary in any other portion of the Annex of the document that authority be given by this Conference to amend in conformity with the unanimous consent request.

We march to victory together. We march on the paths of peace together.

THE PRESIDENT: Delegates, you have heard the proposal of Judge Vinson asking for unanimous consent. All those in favor please signify by saying "Aye".

(Aye.)

THE PRESIDENT: Contrary-minded?

(None.)

(p. 2)

The request is granted and the text is so amended.

THE PRESIDENT: I now call on the Delegate of the United Kingdom, Lord Keynes.

(Lord Keynes, upon arising, was accorded an ovation, everyone present standing, after which he read his remarks.)

LORD KEYNES: Mr. President, I feel it a signal honor that I am asked to move the acceptance of the Final Act at this memorable Conference.

We, the Delegates of this Conference, Mr. President, have been trying to accomplish something very difficult to accomplish. We have not been trying, each one to please himself, or to find the solution most acceptable in our own particular situation. That would have been easy. It has been our task to find a common measure, a common standard, a common rule applicable to each and not irksome to any. We have been operating, moreover, in a field of great intellectual and technical difficulty. We have had to perform at one and the same time the tasks appropriate to the economist, to the financier, to the politician, to the journalist, to the propagandist, to the lawyer, to the statesman—even, I think, to the prophet and to the soothsayer. Nor has the magic of the microphone been able, silently and swiftly perambulant at the hands of our attendant sprites, the faithful Scouts, Puck coming to the aid of Bottom, to undo all the mischief first wrought in the Tower of Babel.

And I make bold to say, Mr. President, that under your wise and kindly guidance we have been successful. International conferences have not a good record. I am certain that no similar conference within memory has achieved such a bulk of lucid, solid construction. We owe this not least to the indomitable will and energy, always governed by good temper and humor, of Harry White. But this has been as far removed as can be imagined from a one-man or two-man or three-man Conference. It has been teamwork, teamwork such as I have seldom experienced. And for my own part, I should like to pay a particular tribute to our lawyers. All the more so because I have to confess that, generally speaking, I do not like lawyers. I have been known to complain that, to judge from results in this lawyer-ridden land, the *Mayflower*, when she sailed from Plymouth, must have been entirely filled with lawyers. When I first visited Mr. Morgenthau in Washington some three years ago accompanied only by my secretary, the boys in your Treasury curiously inquired of him, "Where is your lawyer?" When it was explained that I had none, "Who, then, does your thinking for you?" was the rejoinder. That is not my idea of a lawyer. I want him to tell me how to do what *I* think sensible, and, above all, to devise means by which it will be lawful for me to go on being sensible in unforeseen conditions some years hence.

Too often lawyers busy themselves to make common sense illegal. Too often lawyers are men who turn poetry into prose and prose into jargon. Not so our lawyers here in Bretton Woods. On the contrary they have turned our jargon into prose and our prose into poetry. And only too often they have had to do our thinking for us. We owe a great debt of gratitude to Dean Acheson, Oscar
(p. 3)
Cox, Luxford, Brenner, Collado, Arnold, Chang, Broches, and our own Beckett of the British Delegation. I have only one complaint against them which I ventured to voice yesterday in Commission II. I wish that they had not covered so large a part of our birth certificate with such very detailed provisions for our burial service, hymns, and lessons, and all.

Mr. President, we have reached this evening a decisive point. But it is only a beginning. We have to go out from here as missionaries, inspired by zeal and faith. We have sold all this to ourselves. But the world at large still needs to be persuaded.

I am greatly encouraged, I confess, by the critical, skeptical, and even carping spirit in which our proceedings have been watched and welcomed in the outside world. How much better that our projects should *begin* in disillusion than that they should *end* in it! We perhaps are too near to our own work to see its outlines clearly. But I am hopeful that when the critics and the skeptics look more closely, the plans will turn out to be so much better than they expected, that the very criticism and skepticism which we have suffered will turn things in our favor.

Finally, we have perhaps accomplished here in Bretton Woods something more significant than what is embodied in this Final Act. We have shown that a concourse of 44 nations are actually able to work together at a constructive task in amity and unbroken concord. Few believed it possible. If we can continue in a larger task as we have begun in this limited task, there is hope for the world. At any rate we shall now disperse to our several homes with new friendships sealed and new intimacies formed. We have been learning to work together. If we can so continue, this nightmare, in which most of us here present have spent too much of our lives, will be over. The brotherhood of man will have become more than a phrase.

Mr. President, I move to accept the Final Act.

THE PRESIDENT: Ladies and gentlemen, there is little that I can say to compliment Lord Keynes on his sprightly, wise, homely, and generous remarks. I feel that they will go a long way in the world, helping us to get many people in many countries to appreciate what the task is that we have before us getting the various governments to accept the work we have done here. I thank you, Lord Keynes.

I now call on the Delegate of the Union of Soviet Socialist Republics to second this motion.

MR. STEPANOV: (Translation) Mr. President, the Final Act is being presented to the attention of the Closing Session of the United Nations Monetary and Financial Conference.

We, the representatives of 44 democratic nations, have elaborated this Act in a friendly atmosphere. The questions which we deliberated upon at Bretton Woods were very difficult and complex, they gave rise to the prolonged discussions inevitable in a meeting of this nature. Nor could it be otherwise at a Conference
(p. 4)
of the representatives of democratic countries who freely express their opinions.

However, of great weight and value is the fact that although on separate questions some of us maintained own points of view, the Conference has nevertheless successfully worked out draft agreements for the establishment of the Fund and the Bank which are now submitted for the consideration of the governments of the countries represented here.

As regards the amount of the USSR subscription to the capital of the Bank, as you have already heard from Mr. Morgenthau, the USSR, willing to meet the wishes of some other delegations at the Conference and in particular the wishes of Mr. Morgenthau, has decided to determine the amount of the USSR subscription to the capital of the Bank at 1,200 million dollars.

The stabilization of the currencies of the various countries, the expansion of world trade, the balancing of international payments, long-term capital investments intended for the reconstruction and development of the democratic nations and especially for the restoration of economy of those countries which suffered severely from enemy occupation and hostilities—all these aspirations will have exceptional importance for the post-war organization of the world and for the maintenance and strengthening of peace and security.

This Conference has sat during the course of very significant days—our Allied forces in northern France and Italy achieve notable successes in their struggle against the Hitlerite armed forces, while the Red Army in the East with terrific speed smashes the Wehrmacht back along hundreds of miles of battle front.

The Red Army closely approached the pre-war borders of Germany—East Prussia. And not far off is the day when all the occu-

749013—48—71

pied countries will be completely liberated from the Fascist yoke. The peoples of these countries will then remember the efforts of the United Nations leading to the maintenance of peace and security after the war.

Among these efforts a place of honor is occupied by the work of this Conference. As declared in the Final Act, the Conference has recommended that in carrying out the policies of the International Monetary Fund and the International Bank for Reconstruction and Development, special consideration should be given to the needs of countries which have suffered from enemy occupation and hostilities.

Taking this opportunity, I wish to express my gratitude to the President of this Conference, The Honorable Henry Morgenthau, for his brilliant leadership of the Conference which has ensured its successful accomplishment.

I second the motion of Lord Keynes, the Chairman of the U.K. Delegation, and appeal to the Conference to accept the Final Act and to submit it to the respective Governments for consideration. (p. 5)

THE PRESIDENT: You have heard the very fine address of the Delegate from the Soviet Socialist Republics. There is very little that I can add to the previous remarks that I have made, namely, that this has demonstrated to the world that the Soviet Republic is ready to take its place in the post-war world alongside the rest of the 44 nations.

I now call on the Delegate of Canada to second the motion of Lord Keynes.

DR. MACKINTOSH: Mr. President, I rise to support the motion so eloquently presented by the distinguished Delegate of the United Kingdom. In this Monetary and Financial Conference assembled at the invitation of the Government of the United States of America, all of us, I am sure, find it wholly fitting that the motion to accept the Final Act should be presented by the delegate of a country which has played so great and honorable a part in the world's monetary and financial history. We find a happy fitness also in that delegate being Lord Keynes. Throughout the Conference, as indeed throughout his life, he has showered his ideas upon us and has occasionally nourished some of ours. His sudden insights, his revealing phrases, and, if I may say so, his passionate striving for what is reasonable and emancipating in human affairs, have contributed greatly to the progress and wisdom of our deliberations.

In supporting the motion I am glad to be associated with the

Delegate of the Union of Soviet Socialist Republics. Military events rushing toward the climax of victory are evidence of the power of our collaboration, a collaboration which can yield results as far-reaching and productive in achieving our common purpose in the years of peace as it is now yielding in war.

May I, Mr. President, anticipate the words of the Delegate of France, and say that it is a peculiar pleasure to a representative of Canada to be associated also with France to whose resurgence we look forward with hope and confidence.

The Final Act records the results of our deliberations. It is proposed that the Conference accept it as a document suitable in the common view for the consideration of governments. It is for them and for legislatures to consider, in the light of circumstances, which are beyond the competence of this Conference, its suitability as a monetary and financial charter for the world of the future. Even at this stage, however, we can and do hail it as a great and even historic achievement. In this document, the Conference offers to governments plans by which they may recognize, as matters of common concern and common interest, exchange rates, the free convertibility of the proceeds of exports and other current sources of foreign exchange, assured provision for financing temporary unbalance in international accounts, and the regular flow of international investment from those countries which have a surplus of capital to those which are deficient. It offers plans by which they may be able in a practical and orderly way to make them matters of general and beneficent arrangement, rather than of conflict. The Final Act is evidence of what can be achieved when men forsake the conflict of creeds, and endeavor, in the phrase of a great American, "to think things, not words".

(p. 6)

In that achievement, we all gratefully recognize what has been accomplished by the Delegate of the United States, Dr. Harry White. With his associates, under your encouragement and guidance, Mr. President, he has contributed technical competence, basic ideas, beyond these a great and genuine good will and above all an admirable and undaunted persistence. Without these, we should not now have this motion before us.

Mr. President, the Canadian Delegation supports the motion.

THE PRESIDENT: I thank the Delegate from Canada for his remarks and also for the very cooperative attitude he has had throughout the entire Conference. We have always felt proud of our neighbor to the north; having worked with him through this Conference, we are doubly proud.

I take pleasure at this time in calling on the Delegate of France.

MR. MENDES-FRANCE: (Translation) Mr. President, the French delegation recommends the acceptance of the motion presented by the Chairman of the U.K. Delegation for the adoption of the Final Act.

This is not the first time that nations have decided to sit around one table, attempting to adjust their interests and to build together some international organization for the purpose of facilitating their collaboration in the economic field.

The Conference of Bretton Woods, however, may be proud of having inaugurated a new era in the history of these conferences.

While the battle is still raging from the fields of Russia to the fields of Normandy, on the plains and in the mountains of Asia, on the oceans and in the air, it bears witness to the constructive will and determination of the United Nations. Without waiting for the end of this gigantic fight which continues all over the globe between the forces of progress and the forces of destruction, the United Nations have decided to prepare in advance the machinery which will permit the entire world to resume the work of peace and production, of speculation of ideas with more efficiency and more reason for hope, once the cannon has ceased to fire.

When this moment comes, instead of reconstructing their economies according to individualistic and sometimes selfish methods, the United Nations will endeavor to make their national program part of a large collective conception.

Nothing would be more dangerous than to permit the different countries to try to regain their stability and their economic prosperity separately just as they have tried in times of the past to assure their security.

They would fail tomorrow as they have failed yesterday, because, as it is impossible in the modern world to circumscribe wars, it will be impossible to avoid the spread of unemployment, economic stagnation, and excessive fluctuations of prices and rates from one country to another, with all their train of miseries and sufferings.

(p. 7)

This the peoples realize already. But perhaps they do not yet see that concrete steps must be taken urgently before the effective work of reconstruction can be started. If tomorrow the different governments are called upon to perform the heavy task which awaits them, each one in his country, without being able to lean on an international program that will have to be established in advance, they shall once more succumb to local and individualistic influences and to the traditional temptations of the past. Special interests will succeed again in crystallizing positions which we might have believed to be out of date. And when then finally a program will have been established it would meet with such resistance as would render its execution difficult and perhaps painful.

The entire merit belongs to the President of this great American Republic for having taken audaciously the initiative and having invited the United Nations to this Conference in order to study together today—not tomorrow—these most delicate matters; namely, those concerning the monetary and financial soundness of the post-war world. The Conference under the high authority of its most eminent and hospitable President, the Presidents of its Commissions, and thanks to the devotion and tenacity of the experts of the different delegations, has largely cleared the ground which was assigned to it as its field of activity. To the difficulties of international transactions, it offers as solution the ingenious machinery of the International Stabilization Fund. To the problems of reconstruction of the war-ravaged countries and of development of the young economies it offers the flexible solution of the International Bank.

No doubt, as original and audacious as these plans may be, they do not offer a complete answer to all the questions which have been addressed to us, especially in occupied countries, by the suffering peoples of the world who are anxious to know their future and to see their economic security insured. But now that our work has come to an end, we have the right to say that great steps forward have been made and that solid foundations have been laid upon which tomorrow the other international organizations and bodies destined to organize an economic post-war world will be built.

France for her part shall endeavor to accomplish her rehabilitation by utilizing measures which, far from isolating herself from the other nations of the world, will develop even more her solidarity, her intimacy, and her collaboration with them. Opposed to autarchy and to discriminatory restrictions, opposed to all techniques consistent with the preparation, the continuation or the liquidation of a war, but inconceivable in a world guided by fraternal cooperation of all people of good will, the Provisional Government of the French Republic is glad to have participated in this International Conference at Bretton Woods, glad to have witnessed its success and the birth of two great international bodies which for the battered peoples constitute a promise of greater security, of more productive work, a guarantee of a better insured peace, and of a better life.

THE PRESIDENT: You have heard the motion and I thank Mr. Mendes-France for a very splendid address and the very fine
(p. 8)
spirit which he has shown, and I know we will all look forward and work side by side with France in the years to come.

Are you ready for the question? All those in favor please signify by saying "Aye".

(Aye.)

Contrary? Motion is carried.

Now if you will bear with me for just a minute, we have time on the radio for the United States beginning in two minutes and Mr. Souza Costa has very kindly permitted me to make my address to you now before he gives his. So would you mind just relaxing until the Columbia Broadcasting Company is on the air.

(Pause.)

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 Confer-
(p. 9)
ence 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 fulfillment.

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 irretraceably 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 widespread 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.

(p. 10)

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 exercises 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 proposals 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 every one 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
(p. 11)
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.

You will now hear from the representative from Brazil, my very good friend, Mr. Souza Costa.

MR. SOUZA COSTA: Mr. President, the two institutions which will result from our labors at Bretton Woods are the expression of a success attained by concerted effort, inspired by a single ideal —that happiness be distributed throughout the face of the earth.

Through the International Monetary Fund, resources will be granted to take care of temporary crises, by the use of equally transitory balances which may be available in other countries.

Through the Bank, long-range cooperation will be provided. Countries having larger resources at their disposal will collaborate and assist the others, thus increasing the wealth of all.

The Fund ensures conditions of stability, making possible the circulation of capital; the Bank stimulates such circulation, repairing the enormous damages resulting from the war.

As the knowledge of these results becomes more widespread, a corresponding increase will take place in the number of those who, realizing the greatness of the objectives sought, will wish to be counted among the supporters of this undertaking.

There is an aspect, however, of the Bretton Woods Conference to which a material form has not been given but which must be pointed out because of its importance. It is the aspect of its significance as evidence that human solidarity is not a result of racial unity, that it does not depend on the language one speaks but rather on a community of feeling. We who are assembled here represent countries from all the corners of the earth, but the thought that has guided us has been but one—our trust in the results of cooperation within a moral atmosphere which enables
(p. 12)
each nation to live in accord with its sovereign will and in harmony with its traditions, its culture, and the dictates of its heart.

Against the Nazi claim that a supposed racial superiority gives the right to rule the world, Bretton Woods offers a way for the guidance of human destinies through the development of human brotherhood.

The Nations of the world represented here have responded to President Roosevelt's appeal and demonstrated that they are able to cooperate in peace as they are cooperating in war.

To the great inspirer of this meeting, President Franklin Delano

Roosevelt, and to the distinguished President of the Conference, Secretary Henry Morgenthau, Jr., who has so ably directed our work, the world owes a debt of gratitude.

It is, therefore, an honor for me, as representative of Brazil, to submit to this assembly the following motion:

The United Nations Monetary and Financial Conference

RESOLVES:

1. To express its gratitude to the President of the United States, President Franklin Delano 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 their diligent efforts in contributing to the attainments of the objectives of the Conference.

THE PRESIDENT: I know that you have all listened the way I have with great interest to the remarks of my very good friend, Mr. Souza Costa, and we all appreciate not only what he said here tonight but the constant assistance and sympathy which he has given us in our work each day since we have been here.

In sending the resolution I now call on the Delegate of Norway.

MR. KEILHAU: Mr. President, it is my privilege on behalf of the Norwegian Delegation to second the motion of the illustrious Representative of Brazil, and in doing so I hope you will allow me to say some personal remarks. It had been my intention to speak as a lawyer but after I heard the eulogy of Lord Keynes tonight, I will try to speak as an economist.

(p. 13)

We all know that a great number of the disasters of the postwar period after 1918 had their beginnings in the field of international exchanges, which until those days had been as unknown to the public as the interior of your vast country, Mr. Souza Costa. This happened because the politicians of each country in those years tried to promote national interests, and national interests only, disregarding the interdependence of the exchanges, disregarding the interdependence of national economies. The result was mistakes and failures, new mistakes and new failures.

Charles Morgan in his short novel "The Empty Room" has said something like this: "Great mistakes we repeat, must repeat, because they are consequences of our character". That great and tragic novel which we call "World History", reveals that this pessimistic statement applies not to individuals only, but to nations as well. And I feel certain that if we do not succeed in creating something new and unique, the next post-war period will bring us back to that economic chaos which we experienced in the early 1920's, and I have no doubt that it would inspire my world-famous friend Lord Keynes to a second brilliant volume of "The Economic Consequences of the Peace".

But during the long years of this war, economists have been sitting in many countries in their lonely studios and offices, thinking and working, saying to themselves: "Such repetition must not happen, we must create a machinery for co-operation in the fields of exchanges and economy." I think that you will find, in many drawers, half-finished drafts for such conventions as we have had before us at Bretton Woods. As we know, two of these drafts were finished and published: that of Dr. Harry White and that of Lord Keynes. These two publications laid an excellent basis for a common discussion. But something more was needed: leadership. That leadership was given to us in the first instance by the Secretary of the United States Treasury, Mr. Henry Morgenthau, who called some of us experts together in Washington a year ago, who brought about the bilateral discussions between the British and American experts which resulted in the so-called "Joint Statement", who published this document and sent it to the governments, and who also published the initial proposal for the Bank of Reconstruction and Development. In the second instance, the initiative was given in a still more powerful way by the great President of the United States, Mr. Franklin Roosevelt, who called this conference.

And then it was revealed, when we met here at Bretton Woods, that the lonely thoughts of each one of us had moved along the same lines, and thus we were able to meet in that strong spirit of unanimous purpose which filled us here, and which has been so eloquently described by all the previous speakers.

When I deal with the Conference, I hope that you, Mr. Souza Costa, will forgive me if I for a moment go outside the scope of your resolution.

(p. 14)

I have the sad honor to represent a now occupied country, an occupied, but resisting country, one of those countries whose currency for years has been under the domination and control of our evil enemy. We have problems of our own. I know that I have with me all the Delegates of the occupied countries when I bring our heartiest thanks to our fellow Delegates from the unoccupied countries for their deep understanding of our special position and for those clauses which they have consented to insert in both draft conventions, in order to facilitate it for now occupied countries to participate in the work of the two new institutions from the very outset.

I speak here about both the Fund and the Bank as coming realities, for I think that it would not be easy for any parliament to reject these two drafts. "Back to chaos" will not be a popular slogan in the days to come.

Mr. President, our resolution extends our thanks also to those who have worked for us here and incorporated our provisional as well as our final results in 531 documents. I made a little statistical investigation and found that those 531 documents were distributed in more than 2 million sheets of paper,—as a representative of a paper-producing country, I was glad to learn that this Conference has been such a great consumer of paper.

Great ideas throw light, but pure light contains all the colors of the spectrum. Details are the rainbow of great ideas. We thank all those who have painted for us the rainbows of the Fund and the Bank, and seen to it that each shade of color has received what we economists call proper value.

THE PRESIDENT: May I thank the Delegate from Norway for his very fine remarks. If I could tell a little personal story from my own experience with Norway, I think it typifies the fighting spirit of Norway today even though it is occupied. Shortly after their occupation I was called one morning about 6 o'clock at my home. I unfortunately have two telephones at my bedside, one from the White House and one from the Treasury, and they ring at all hours of the day, and the Treasury phone rang and it was the Collector of Customs at Baltimore. He said, "Mr. Morgenthau, there is a strange vessel here. A fishing vessel of only 60 tons has arrived here and they have millions of dollars of gold aboard, and they claim they came from Norway. What shall I do with it?" I said, "It is very simple. You unload it and put it in a safe place." And this little fishing vessel of only 60 tons had sailed across the ocean, past numerous German vessels, and brought this gold from Norway. I believe one of the Secretaries of the Treasury was aboard and it was only a handful, only 8 men on board. Is that right?"

MR. KEILHAU: I don't know.

THE PRESIDENT: At any rate, they came through and they brought this in and I think that typifies the spirit of Norway and I know that just as soon as the Armistice is signed Norway will once more rise and take its place among the nations of the world. (p. 15)

May I now call on the Delegate of Cuba.

MR. MONTOULIEU: As Chairman of the Cuban Delegation and on its behalf, I beg to second the motion of the distinguished Chairman of the Brazilian Delegation.

The Cuban Delegation feels highly honored for the privilege and honor granted it, to raise its voice on this memorable occasion in which all the delegations here present join in a motion to express our gratefulness and appreciation to the President of the United States for the invitation tendered us to attend this Monetary and Financial Conference of the United Nations in which 44 countries, through their delegates and technicians, have devoted the best part of this month to discuss and formulate the Articles of Agreement on the monetary and banking regulations which will guide us in the very difficult and uncertain days that lie ahead in the period of the post-war, and later in normal peacetimes.

Only the voice of the President of the United States could have performed the miracle-inspiring confidence to the governments and peoples of the countries participating in the realization of the dream which we are about to see converted into reality.

Great as the historical significance of this Conference is, and important as the results of its application to the welfare of our respective peoples will be, we believe, and I venture to presume that such is the conviction of all the delegations here present, that the brilliant accomplishments of this Conference constitute the first practical and effective step to insure the promotion and maintenance of high levels of employment and real income, and the development of the productive resources of the different countries of the world, a condition which to be fully attained will require other international conferences to be convened for the realization of these purposes.

The Cuban Delegation wishes to second the motion, I might add, because thanks and gratefulness are unstintingly due to the man who, unmindful of the crushing burden of financing the war for this militant nation, has so willingly and generously given us all of his time, his knowledge, and his rare tact and ability to further and make possible the success of this Conference, which, under his firm hand and high statesmanship, will soon be an accomplished fact. I refer, Gentlemen, to the President of this Conference, the Secretary of the Treasury of the United States of America, the Honorable Henry Morgenthau, Jr.

May not I say, besides, Mr. President, that the Cuban Delegation seconds the motion presented by the Minister of Finance of the Republic of Brazil, because no matter how much we hoped to accomplish of the tasks we came here to do; no mater how able our advisers, technicians and assistants might have been; irrespective of the carefully laid plans, the detailed schedules and the elaborate agenda prepared during fully 2 years of untiring labor and consultation, our labors could never have been so successfully
(p. 16)
coordinated, so precisely ordained, or so efficiently accomplished, without the valuable assistance and intelligent support of the men and women who day and night have labored in the Secretariat, technical and clerical, of this Conference.

Mr. President, as Chairman of the Cuban Delegation, and on its behalf, I beg to second the motion of the Chairman of the Brazilian Delegation.

THE PRESIDENT. May I thank the Delegate from Cuba for his very generous remarks and also for his cooperation throughout this entire Conference.

Delegates, you have heard the motion which was seconded. Any question? Any discussion? Those in favor kindly signify by saying "Aye."

(Aye)

Contrary minded? Motion is carried.

Now, before we take up the signing of this document I would just like to once more thank each and every one of you for the tremendous work that you have put into this. It seems to me that this has not only been the work of the head but also of the heart. I would like to think that it was not an accident that while this Conference was on the Emperor of Japan found it necessary to change his entire Cabinet and that we have a little influence in the battle of words upon the German people in convincing them that on the economic front it was useless for them to continue. This recent attempt of uprising on the part of the German generals in some small part was influenced by this demonstration of unity amongst the 44 United Nations and Denmark. It seems to me that it was not just an accident. I like to think that in this enormous amount of words that has gone over the air through short wave, that the German people will realize that what we have done here at Bretton Woods on the economic front must make them realize that to continue to fight us on the battlefields is useless. I for one am very proud and full of humility at this time, as President of this Conference, in being so successful in giving concrete evidence to the world that we can sit down together, can agree, and can go forward hand in hand in the post-war world. We must do this. We must offer this to the men in the armies and on the sea and in the air. We must offer them some hope that there is something to look forward to a little better than in the past and I like to think that Bretton Woods is this hope in somewhat concrete form.

From the bottom of my heart I thank you for the work you have done.

The Plenary Session is now adjourned.

☆U. S. GOVERNMENT PRINTING OFFICE: 1948—749013—Vol. I