INTERNATIONAL MONETARY FUND

SUMMARY PROCEEDINGS

FOURTH ANNUAL MEETING

1949

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INTERNATIONAL MONETARY FUND

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FOURTH ANNUAL MEETING OF THE BOARD OF GOVERNORS, 1949

WASHINGTON, U.S.A.

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SUMMARY PROCEEDINGS

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INTRODUCTORY NOTE

The Fourth Annual Meeting of the Board of Governors of the International Monetary Fund was held jointly with the Board of Governors of the International Bank for Reconstruction and Development in Washington, D. C., September 13 through September 16, 1949, under the chairmanship of the Governors of the Fund and Bank for France, the Honorable Pierre Mendes-France and the Honorable Maurice Petsche, respectively.

During the Meeting, the Board of Governors held five sessions at which the Annual Report of the Executive Directors was presented and action was taken with respect to the reports and recommendations of the committees that had been set up to give preliminary consideration to items on the agenda.

The Summary Proceedings, which are herewith reproduced, contain subject matter pertaining to the Fund only, and include (a) addresses delivered at plenary sessions of the Board of Governors, (b) reports and recommendations of committees, (c) brief report on the deliberations that took place in Discussion Groups established to consider the Annual Report, and (d) a compendium of 9 resolutions, one of which was adopted by telegraphic poll during the preceding year.

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ADDRESS BY THE PRESIDENT OF THE UNITED STATES[1]

Harry S. Truman

Secretary of the Treasury, Governors from France, and Members of the International Bank for Reconstruction and Development and the International Monetary Fund:

It gives me a great deal of pleasure to welcome you again to Washington. I am particularly pleased that you are here at this time. There is nothing in the world that will contribute more to the peace of the world than international cooperation in finance and development, and that is what you are here for — to try to reach the right conclusions for reconstruction and development and a stable interchange of goods and services on a monetary basis satisfactory to all concerned.

One of the principal things I think you have to work out is to do away with the obstacles to international trade. We must exchange on a world basis the services and the goods of all the countries among themselves. We would like for you to buy the things which we think we can make best, and we should buy the things which you can make best. In that way we will have what they call a balance of trade. We will then be on a sound international trade basis, and we can then become on a sound international monetary basis.

I am very much interested in all these things, because it was my privilege to be at San Francisco when the Charter of the United Nations was signed. It has been my privilege to welcome you here, I think, once or twice before. It has been my privilege to welcome the international agricultural people, who are interested in the development of the land resources of all the world, here at this very hotel not so long ago.

[1] Delivered at Session No. 3 (Second Joint Session), September 13, 1949.

I am vitally interested in the success of the United Nations. The Government of the United States, as represented by the President and the Congress, is doing everything it possibly can to make the United Nations a going concern for the peace and welfare of the world.

I hope that all of you enjoy your visit here, that you will come to constructive conclusions, as I am sure you will, and that all of you will go back home with an idea of cooperation on a world basis for the welfare of the world as a whole.

OPENING ADDRESS BY THE CHAIRMAN OF THE BOARD OF GOVERNORS OF THE INTERNATIONAL MONETARY FUND[1]

The Honorable Pierre Mendes-France

Gentlemen, it is not without emotion that I open our Fourth Annual Conference. First of all, I should like to thank my friend, Mr. Maurice Petsche, Finance Minister of my country and Chairman of the Board of Governors of the International Bank, for having requested me to speak on both our behalf. His gesture was doubtless prompted by the thought that I have had the honor of taking part in all our conferences since Bretton Woods, and that it would give me great pleasure indeed to preside at the first session of an important meeting in the history of our institutions.

In July 1944, while battles were still raging on the beaches of Normandy and on the islands of the Pacific, men of good will and in good faith were getting together in the quiet setting of New England in order to prepare for the reconstruction and prosperity of the world. It is quite obvious that at that time it was impossible for them to visualize with scientific accuracy what the economic situation of the world would be once the fighting was over. Inevitably, they were thinking of prewar years and were inclined to believe that the future would not differ very much from the past.

Today, we realize that the world has been much more deeply affected by the war than we imagined. The mechanisms which we expected to be promptly restored are not yet functioning. The automatic adjustment of currencies has not yet been resumed, capital markets are no longer playing their traditional part, and balances of payments are in disequilibrium.

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[1] Delivered at Session No. 1 (Opening Joint Session), September 13, 1949. Other addresses delivered at the Opening and Closing Joint Sessions, including closing remarks by the Chairman of the Board of Governors of the Bank, are attached as Appendices D and E.

That does not mean that our institutions have failed as some people contend, and I should like to show why.

Our institutions have provided us with an indispensable forum in which consultations and debates on questions of international finance can take place. Since Bretton Woods, regular contacts have been maintained, sometimes of a public character, sometimes more discreet as is indispensable in such a field as ours. Legal procedures have been set up by means of which monetary and financial decisions can be discussed and formulated in common, due account being taken not only of national and limited interests, but also of the common world interest. Hence, has come the establishment of a common discipline and the possibility of better coordination between the domestic policies of member countries. From this point of view, our institutions are playing a vital part in the organization of the postwar world.

Everything is not always perfect in that difficult task. Certain obstacles standing in the way of a cooperation which must remain exclusively technical had been foreseen by one of the men to whom we owe the most, Lord Keynes. In the last address which he gave us in Savannah, he already denounced that bad fairy — politics — leaning over the cradle of our infant institutions, among well-wishing fairies, and impeding their action.

But while improvements are desirable, we must not minimize the importance of the technical cooperation existing between the 48 member countries of the Bank and the Fund, in order to adjust and coordinate their efforts. Those results although less obvious are, however, as important as the direct financial aid of hundreds of millions of dollars which our two organizations have granted to their members.

That task of technical cooperation has been carried on under sometimes thankless conditions by the excellent staff of our twin institutions and by their chiefs: Mr. Camille Gutt who has led the Fund ever since its birth with determination, patience, loyalty and

good humor, and Messrs. Eugene Meyer, John McCloy, and Eugene Black who have been the successive heads of the Bank. The loss which we have incurred in having to part with Mr. McCloy has been compensated only by our satisfaction in greeting as his successor one of his closest associates who is well qualified to further the work which has been so admirably initiated by his predecessors.

The years immediately following the end of the war and which have just ended may be described as a period of emergency repairs. The problem was to restore as quickly as possible the prerequisites of reconstruction. For that purpose production had to be resumed at a satisfactory level in the largest possible number of countries.

That has now been achieved, at least for the world taken as a whole. The level of world production today is above that of prewar years. To a large extent that important achievement has been obtained through that act of farsighted statesmanship: The Marshall Plan.

The generosity and boldness which are the characteristics of that momentous measure are particularly remarkable in that, at the time when it was enacted, a serious disequilibrium existed in the United States between supply and demand, as shown by the persistent rise in internal prices. Just as the addition of American goods to European production helped in checking inflation in Europe, their export from the United States meant an increase in inflationary pressure in this country. Today, the situation is different. But it is easy to imagine what the situation of a large part of the world would have been had it not received the basic supplies provided by the United States, and what that situation would become if the generous American aid were to be discontinued before the end of the critical period.

It would be unfair not to mention as well the great efforts made by the countries devastated by the war.

But production has not been restored to the same levels in all countries, and while it has risen as high as 180 per cent of prewar

in some parts of the world, it is still below index 80 in others. Such extraordinary diversity in economic recovery creates difficult problems of adjustment which the yearly reports presented in the past by the Fund and the Bank have described.

Moreover, a different and new problem has risen: while the economic recovery of the countries of the world is far from complete, there has been an important development to the international monetary problem. In certain countries, a sellers' market has been replaced by a buyers' market; in other words, effective demand has fallen below production capacity. It indicates the end of the general scarcity of foodstuffs, of raw materials and of productive resources as a whole. The supply of most goods has been restored in the relatively short period of three and a half years.

While gratifying, such a situation is also the cause of serious worries. From a national point of view, the emergence of a buyers' market entails the danger of unemployment and of serious economic, social and political consequences. From an international point of view — just as a patient coming out of a severe illness will react most to a sudden shock in those parts of his body which had not fully recovered — the first effect of the buyers' market, as the Report of the Fund emphasizes, is to increase the disequilibrium in balances of payments, causing great difficulties to certain countries. And it would be futile to hope that exchange stability and freedom of transactions would be durably restored without equilibrium in balances of payments.

That is the problem we have to deal with at the present time. Its different elements are set forth in the Annual Reports which both our institutions present to this session.

What part can we take as regard to this problem?

Childish illusions have often been entertained in some circles concerning the tasks that the Bank and the Fund should tackle; it was assumed by some people that the means at the disposal of our

institutions were much larger than they are in fact. Yet we should be careful not to fall into the opposite error.

We should not be content with acknowledging the deficiency of our present resources. Faithful to the Bretton Woods spirit, we must be more ambitious. We enjoy really effective means of action, influence and authority, and it is essential that they should be used to guide the policies of member countries if our civilization is not to be exposed to the strains of inflation on the one hand or to violent deflation on the other hand.

Important discussions have been held on the question of the ability of many countries to resist the reversing of the inflationary pressure of the last years. Some have stated that a deflation would inevitably be followed by extremely serious consequences and would cause profound disruptions and dislocations. Such a view might have been justified if governments as well as public opinion counted, as in the past, on the automatic adjustment of economies. In the past, automatic adjustment did take place, but the consequences of economic depressions in the 19th century were far less widespread than those that would confront us today. We can hardly rely, therefore, in 1949, upon an automatic return to a balanced economy, unless we are prepared to undergo sufferings of a magnitude such as a modern civilization cannot endure.

What we must aim to is not the substitution of a buyers' market for a sellers' market or vice versa, but economic stabilization at full employment excluding the excesses of either a buyers' or a sellers' market. Recent economic developments have shown us that, of the fluctuations caused by the wars, the first is not necessarily the most acute or dangerous one. Therefore, it is not too early to turn to a study of the means by which the conditions which have marked the 1930's may be avoided in the future, and to assess the measure in which our institutions might help in stabilizing demand in general and investment in particular.

It is always in the expansion of production and of international trade that solutions to those problems must be found. We should always in the future, as we did in the past, condemn the adoption of methods that lead to economic stagnation, to self-sufficiency, and to autarky, and which result merely in exporting the difficulties of one country to another — the first country not even succeeding in getting rid of them completely.

Whatever the momentary temptations, sometimes understandable among the sufferings of our world, progress cannot be achieved through a policy of egotism and shortsightedness. Progress can only result from the expansion from increased opportunities, both for nations and for men who have suffered so much and for so many years.

That conviction, if it is shared by all of us, and if it inspires our two institutions, will lead us together, after so many difficulties and hazards, toward the rehabilitation of world economy and the building up of a better way of life for men of good will.

PRESENTATION OF FOURTH ANNUAL REPORT[1]

By Mr. Camille Gutt

CHAIRMAN OF THE EXECUTIVE BOARD AND MANAGING DIRECTOR
OF THE INTERNATIONAL MONETARY FUND

Mr. Chairman, the situation described in this fourth report of the Executive Directors of the International Monetary Fund is not an unexpected one. The situation which has now emerged was mentioned and commented upon in the very first report issued by the Executive Directors.

It is essentially, as the preceding speakers have mentioned it, a switching over from a world sellers' market to a world buyers' market. It is, however, more than that: it is the transition from an abnormal, postwar market to a more normal, if not yet fully normal, peacetime market. It reflects itself in the increasing importance of price and demand factors. Although the process has been a gradual one on the one hand, and does not yet cover every field of production, on the other hand it has certainly been a dominating feature of the year under review.

Since the end of the war, the essential concern of the countries of the world — especially those directly disrupted or dislocated by war operations or enemy occupation — has been to produce. The restoration of production has now been largely completed and the primary problem is and will be more and more to sell. The traditional role of international trade is thus to be restored.

The primary purposes of the Fund are to facilitate the growth of that trade and to eliminate foreign exchange restrictions which prevent it. Temporary restrictions on payments and transfers for current transactions are permitted under conditions described in the Articles of Agreement but continuous regard must be given by

[1] Address delivered at Session No. 1 (Opening Joint Session), September 13, 1949.

the members and by the Fund to those primary purposes. As international trade competition develops, this question will assume increasing importance.

The same may be said of exchange rates. In September 1946, the Executive Directors reported as follows:

> "Because the entire world is in need of goods, some countries may maintain foreign exchange values for their currencies which are not for the time being a great handicap to the sale of their exports, but which prove to be too high when production is revived all over the world and the immediate shortage of import goods is in large part met."

This warning has been repeated in the subsequent reports and its importance will escape no one's attention, especially if it is taken in conjunction with another primary purpose of the Fund: the ultimate establishment of a multilateral system of payments.

The very fact that today the material difficulties of war reconstruction and of production have, generally speaking, been solved, throws a particular light upon what else remains to be done. And what remains to be done is perhaps harder than what has been done thus far.

No nation can do it alone. Individual countries may bring to the solution of the remaining problems a considerable and even vital contribution, but a large international effort will be necessary to arrive at a real settlement. This is not the problem of one country, or of one continent. It is a world problem.

Let us not be over-impressed by the technical complications and lose sight of the larger issues which are at stake. International uncertainty does not exist only in the economic sphere. It prevails also in the political sphere.

One of the principal remedies is to restore order in the economic field — which, of course, includes the monetary matters. To allow the present disorder in this field to spread — or even to remain — would be likely to cause an aggravation of existing uncertainties.

Thus, if the effort to be made is considerable, the stakes involved make it well worth while.

It is under these serious circumstances that the Fund enters its fourth year of existence. Much at this stage is expected from it, possibly more than the restraints of its Charter may allow. There are things the Fund alone cannot settle. Much, however, can be done with the full good will and cooperation of the members acting in conformity not only with the letter but with the spirit of the Fund Agreement. It is my earnest wish that this cooperation will materialize and that the hopes placed in the Fund will not remain unfulfilled.

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COMMITTEE REPORTS

Procedures Committee

Chairman: France
Vice-Chairman: India
Reporting Member: Union of South Africa

Members: China, Ethiopia, Iceland, Luxembourg, United Kingdom, United States, Uruguay, Venezuela, Yugoslavia

Report No. 1

Sirs:

The Procedures Committee, at its first meeting at 4:00 p.m. on September 12, 1949, considered the matters of business which had been proposed for the Fourth Annual Meeting of the Boards of Governors of the Bank and the Fund.[1]

I have the honor to submit the following recommendations of the Committee:[2]

Business of the Board of Governors of the Fund

A. *Agenda*

The Committee recommends:

1. Adoption of the agenda attached hereto as Annex I, including, pursuant to Section 6(c) of the Fund By-Laws, Item 9 (Extension of period for acceptance by Liberia of membership in the Fund).

2. That after the adoption of the initial agenda, proposed additions be submitted in writing to the Procedures Committee, through its Chairman, for its consideration and recommendation.

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[1] Meetings of the Procedures Committee were held jointly with the Bank. Subject matter pertaining to the business of the Bank has been omitted from the reports of the Procedures Committee reproduced in the Summary Proceedings of the Fund.

[2] At its second meeting, held at 9:45 a.m. on September 13, 1949, the Procedures Committee adopted two amendments, which have been incorporated in the above report, for recommendation to the Board of Governors.

B. *Committees*

The Committee recommends:

1. Establishment of the following Committees of the Board of Governors of the Fund:

Committee on Organization and Administration
Committee on Gold

2. Establishment of the following Discussion Groups of the Board of Governors of the Fund under the chairmanship of the Managing Director of the Fund:

Discussion Group I — Exchange and Monetary Policy
Discussion Group II — Exchange Restrictions and Monetary Reserves

The establishment of Discussion Groups for consideration of the Annual Report is in accordance with the recommendation of the Procedures Committee of the Third Annual Meeting (Report No. 2), approved by the Board of Governors at the fifth session of that Meeting, to the effect that consideration should be given to the desirability of encouraging full and open discussions among the Governors on matters of substance and policy relating to the Fund.

3. Composition of these Committees and Discussion Groups as shown in Annex II.

4. References to these Committees and Discussion Groups as shown in Annex III.

C. *Item for Information*

The Committee considered the following Document presented by the Executive Directors of the Fund, and recommends that the Board of Governors note this Document as for their information only and as a supplement to previous reports on the subject from the Executive Directors.

1. Report of the Executive Board on Relations with the

International Trade Organization and the CONTRACTING PARTIES of the General Agreement on Tariffs and Trade.[1]

PROCEDURAL MATTERS OF JOINT CONCERN TO THE BANK AND FUND

A. *Order of Business*

The Committee recommends:

1. Adoption of the order of business as tentatively scheduled in Annex IV.

2. That the Secretaries of the Bank and Fund, in consultation with the Chairmen, be authorized to change the schedule, if necessary, as the work of the Meeting progresses.

B. *Conduct of Meeting*

The Committee recommends approval of the provisions relating to the conduct of this Meeting, as contained in Annex V.

C. *Procedural Items*

The following procedural items will be dealt with in a later report[2] of this Committee to the Board of Governors:

1. Site and Date of Fifth Annual Meeting.

2. Election of Officers and Composition of Procedures Committee for 1949-1950.

Approved:

(s)	(s)
MAURICE PETSCHE	J. E. HOLLOWAY
PIERRE MENDES-FRANCE	(Union of South Africa)
(France)	Reporting Member
Chairmen	

The Report was approved and its recommendations, as amended, adopted by the Board of Governors at Session No. 1 (Joint), September 13, 1949.

[1] The Report is attached as Appendix B.

[2] Report No. 2.

ANNEX I

AGENDA

1. Fourth Annual Report of the Executive Directors
2. Financial Statements and Report on Audit
3. Administrative Budget for Fiscal Year ending April 30, 1950
4. Changes in Rules and Regulations
5. Resolution proposed by Union of South Africa concerning Gold Sales at Premium Prices
6. Application of the Republic of Haiti for Membership in the Fund
7. Place and Date of Fifth Annual Meeting
8. Election of Officers and Procedures Committee for 1949-50
9. Extension of Period for Acceptance by Liberia of Membership in the Fund

Item for Information

10. Report on Relations with the International Trade Organization and the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade

ANNEX II

COMPOSITION OF COMMITTEES AND DISCUSSION GROUPS OF BOARD OF GOVERNORS

Committee on Organization and Administration

Chairman:	Netherlands
Vice-Chairman:	Czechoslovakia
Reporting Member:	Denmark

Australia	Greece
Bolivia	Guatemala
Brazil	India
Chile	Iraq
China	Nicaragua
Costa Rica	Panama
Egypt	Paraguay
El Salvador	United Kingdom
France	United States

Committee on Gold

Chairman:	Norway
Vice-Chairman:	Poland
Reporting Member:	Lebanon

Australia	Cuba	Syria
Austria	France	Thailand
Belgium	India	Union of South Africa
Canada	Mexico	United Kingdom
China	Peru	United States
Colombia	Philippine Republic	Venezuela

Discussion Group I—Exchange and Monetary Policy

Chairman: Managing Director of the Fund

Belgium	Denmark	Italy
Canada	Egypt	Mexico
Chile	Finland	Netherlands
China	France	United Kingdom
Cuba	India	United States
Czechoslovakia		

Discussion Group II—Exchange Restrictions and Monetary Reserves

Chairman: Managing Director of the Fund

Austria	France	Poland
Brazil	Honduras	Turkey
China	India	United Kingdom
Colombia	Iran	United States
Dominican Republic	Italy	Yugoslavia
Ecuador	Norway	

ANNEX III

TERMS OF REFERENCE OF COMMITTEES AND DISCUSSION GROUPS OF BOARD OF GOVERNORS

Committee on Organization and Administration

For consideration and report to the Board of Governors:

(a) Financial Statements and Report on Audit.

(b) Administrative Budget for Fiscal Year ending April 30, 1950.

(c) Change in Rules and Regulations (C-5).

(d) Application of the Republic of Haiti for Membership in the Fund.

(e) Extension of Period for Acceptance by Liberia of Membership in the Fund.

Committee on Gold

For consideration and report to the Board of Governors:

Resolution proposed by Union of South Africa concerning Gold Sales at Premium Prices.

Discussion Group I—Exchange and Monetary Policy

For consideration only:

Chapters I and II of the Fourth Annual Report.

Discussion Group II—Exchange Restrictions and Monetary Reserves

For consideration only:

Chapters I, III and V of the Fourth Annual Report.

ANNEX IV

ORDER OF BUSINESS

PROVISIONAL SCHEDULE[1]

TUESDAY, September 13, 1949

10:00 a. m.—Joint Session of Boards of Governors
Addresses
Presentation of Fourth Annual Reports of the Bank and the Fund
First Report of the Joint Procedures Committee

(at conclusion of Joint Session)—Fund Board of Governors
Statement by Governor for Union of South Africa relating to Item 5 on the Agenda

3:15 p. m.—Joint Session of Boards of Governors
Address by President of the United States

4:00 p. m.—Discussion Group I (Fund)

WEDNESDAY, September 14, 1949

10:00 a. m.—Informal Discussion (Bank)

12:00 noon—Committee on Organization and Administration (Bank)

2:30 p. m.—Committee on Organization and Administration (Fund)

3:30 p. m.—Committee on Gold (Fund)

THURSDAY, September 15, 1949

10:00 a. m.—Annual Report Discussion (Bank)

11:30 a. m.—Committee on Organization and Administration (Bank)[1]

3:00 p. m.—Discussion Group II (Fund)

4:45 p. m.—Committee on Gold (Fund)[1]

[1] The business of the Meeting called for two additional committee meetings, as indicated.

FRIDAY, September 16, 1949

10:00 a. m.—Bank Board for Committee Reports

11:00 a. m.—Fund Board for Committee Reports

12:00 noon—Joint Procedures Committee

4:00 p. m.—Joint Session of Boards of Governors

Second Report of the Joint Procedures Committee

Closing Remarks

ANNEX V

PROVISIONS RELATING TO THE CONDUCT OF THE MEETING

Attendance

(a) All joint sessions of the Boards of Governors of the Bank and the Fund and the first session of the Board of Governors of the Fund shall be open to the press and the public; all other sessions of the Boards of Governors of the Bank and the Fund and all meetings of their committees and discussion groups shall be closed to the press and public.

(b) All joint sessions of the Boards of Governors of the Bank and the Fund and all sessions of either Board of Governors shall be open to accredited observers. All meetings of the committees and discussion groups of the Board of Governors of the Fund shall be open to such observers, unless a committee or discussion group decides otherwise. All meetings of the committees of the Board of Governors of the Bank shall be open to such observers, unless a committee decides otherwise. All informal discussions of the Board of Governors of the Bank shall be closed to such observers.

(c) Any meeting of the committees and discussion groups of the Boards of Governors of the Bank or the Fund, with the exception of the meetings of the Joint Procedures Committee, shall be open to the attendance, as observers, of those Governors and Alternate Governors who are not members of the Committee, and their authorized advisors. Meetings of the Joint Procedures Committee shall be open to the attendance of only the Governors and Alternate Governors who are members of the Committee and one advisor for each member country.

(d) All sessions of the Boards of Governors and all meetings of committees and of the discussion groups shall be open to such

members of the joint secretariat and the technical staffs of the Bank and the Fund as may be necessary to the orderly conduct of business.

Public Information

The Chairmen of the Boards of Governors, the President of the Bank, and the Managing Director of the Fund are authorized to communicate to the press such information concerning the proceedings of the Fourth Annual Meeting of the Boards of Governors as they deem suitable.

Records

(a) The Secretaries of the Bank and the Fund are authorized to have prepared a verbatim transcript of the proceedings of all sessions of the Boards of Governors of the Bank and the Fund, of all meetings of the discussion groups of the Board of Governors of the Fund and of the informal discussion of the Board of Governors of the Bank. The transcripts of the discussion groups of the Fund and of the informal discussion of the Bank will be kept confidential and made available only to the Chairmen of the Boards of Governors, the President of the Bank and the Managing Director of the Fund.

(b) The Secretaries of the Bank and the Fund are authorized to have prepared summary records of all proceedings of the committees of the Boards of Governors.

(c) Reports of committees submitted to the Boards of Governors shall be signed by the Committee Chairman and the Reporting Member.

(d) For discussion groups of the Board of Governors of the Fund, the Managing Director of the Fund shall make an oral report to the Board of Governors.

Report No. 2

Sirs:

The Committee met at noon, September 16, 1949.[1] The Committee noted the cordial invitation from the Governor for France that the Fifth Annual Meeting of the Boards of Governors be held in Paris. The Committee recommends the acceptance of that invitation.

The Committee also considered the matter of officers of the Board of Governors, and the composition of the Procedures Committee, for the ensuing year.

It is recommended that the Board of Governors adopt the resolutions attached hereto as Annexes I, II and III.

Approved:

(s)
MAURICE PETSCHE
PIERRE MENDES-FRANCE
(France)
Chairmen

(s)
J. E. HOLLOWAY
(Union of South Africa)
Reporting Member

The Report was approved and the Resolutions adopted by the Board of Governors at Session No. 5 (Joint), September 16, 1949.

ANNEX I

DRAFT RESOLUTION ON PLACE AND DATE OF FIFTH ANNUAL MEETING[2]

RESOLVED:

That the Chairman shall convene the Fifth Annual Meeting of the Board of Governors of the International Monetary Fund in Paris in the month of September, 1950.

[1] It was the third meeting of the Procedures Committee.

[2] Resolution No. 7.

ANNEX II

DRAFT RESOLUTION ON OFFICERS OF BOARD OF GOVERNORS[1]

RESOLVED:

That the Governor for India is hereby elected Chairman, and the Governors for China, France, United Kingdom and United States are hereby elected Vice-Chairmen of the Board of Governors of the International Monetary Fund, to hold their respective offices until the election of officers of the International Monetary Fund takes place at the close of the next annual meeting.

ANNEX III

DRAFT RESOLUTION ON ESTABLISHMENT AND COMPOSITION OF PROCEDURES COMMITTEE[2]

RESOLVED:

That a Procedures Committee be hereby established, to be available after the termination of this meeting, and until the election of officers of the International Monetary Fund takes place at the next annual meeting, for consultation at the discretion of the Chairman, normally by correspondence, and also if occasion requires by convening immediately before the annual meeting of the Board. The Procedures Committee shall consist of the Governors for the following members:

Brazil, Canada, China, Colombia, Czechoslovakia, Egypt, France, India, Mexico, Netherlands, United Kingdom, United States.

The Chairman, Vice-Chairman and Reporting Member shall be the Governors for India, Canada and Netherlands, respectively.

[1] Resolution No. 8.
[2] Resolution No. 9.

Committee on Organization and Administration

Chairman: Netherlands
Vice-Chairman: Czechoslovakia
Reporting Member: Denmark

Members: Australia, Bolivia, Brazil, Chile, China, Costa Rica, Egypt, El Salvador, France, Greece, Guatemala, India, Iraq, Nicaragua, Panama, Paraguay, United Kingdom,United States

Mr. Chairman:

I have the honor to report the recommendations of the Committee on Organization and Administration with respect to the items on the agenda assigned to it. The Committee met at 2:30 p.m. on Wednesday, September 14, 1949, under the Chairmanship of Dr. M. W. Holtrop, Alternate Governor for the Netherlands.

Finance

The Committee considered the Report on Audit for the fiscal year ended April 30, 1949, with the Financial Statements contained therein, including audited financial statements of the Staff Retirement Fund. The Committee also considered the Administrative Budget for the fiscal year ending April 30, 1950.

With respect to the Administrative Budget, the Committee noted with satisfaction that, as compared with the budget for the previous fiscal year, comparative stability appeared to have been reached in the Fund's administrative expenditures. In this connection, the Committee agreed with the suggestion of the Governor for the United Kingdom that, in the future, consideration might be given to a presentation of the Administrative Budget in more detail and with the correlative figures for the previous year's budget.

The Committee also believed it would be desirable to continue the efforts that have been and are being made to effectuate

economies by coordinating insofar as possible Bank and Fund services.

The Committee noted with satisfaction the progress that had been made in the establishment and development of the Staff Retirement Plan, including the investment of its assets. They expressed interest in the continued successful administration of the Plan.

The Committee recommends to the Board of Governors of the Fund the adoption of the resolution attached hereto as Annex I.

Rules and Regulations

The Committee reviewed the change in Section C-5 of the Rules and Regulations of the Fund submitted by the Executive Directors to the Board of Governors and recommends that the Board of Governors adopt the resolution attached as Annex II of this report.

Application of Haiti for Membership in the Fund

The Committee also considered the report of the Executive Board with respect to the application of the Government of the Republic of Haiti for membership in the Fund.

In the name of the Committee, I have the honor to recommend to the Board of Governors of the Fund the adoption of the draft resolution attached hereto as Annex III relating to the terms and conditions on which Haiti shall be admitted to membership in the Fund.

Extension of Time for Acceptance of Membership by Liberia

The Committee also considered the request of Liberia for an extension of the period during which it may accept membership in the Fund. The Committee recommends to the Board of Governors the adoption of the draft resolution attached hereto as Annex IV extending the period during which Liberia may accept membership in the Fund until March 31, 1950 with provision for extension of

that period by the Executive Directors to no later than October 1, 1950 if they deem the circumstances warrant it.

Approved:

(s)	(s)
M. W. Holtrop	C. V. Bramsnaes
(Netherlands)	(Denmark)
Chairman	Reporting Member

The Report was approved and the Resolutions adopted by the Board of Governors at Session No. 4, September 16, 1949.

ANNEX I

DRAFT RESOLUTION ON FINANCIAL STATEMENTS, REPORT ON AUDIT AND ADMINISTRATIVE BUDGET[1]

RESOLVED:

That the Board of Governors of the Fund considers the Report on Audit for the fiscal year ended April 30, 1949, the Financial Statements contained therein and the Administrative Budget for the fiscal year ending April 30, 1950, as fulfilling the requirements of Article XII, Section 7, of the Articles of Agreement and Section 20 of the By-Laws.

[1] Resolution No. 2.

ANNEX II

DRAFT RESOLUTION ON AMENDMENT TO RULES AND REGULATIONS[1]

RESOLVED:

That the Board of Governors of the Fund hereby notifies the Executive Directors that it has reviewed the following amendment to the Rules and Regulations adopted by the Executive Directors since the Third Annual Meeting and has no modifications to suggest:

Section C-5.

"In the absence of the Managing Director, the Deputy Managing Director shall act as Chairman and shall have a deciding vote in case of an equal division. In the absence of both the Managing Director and the Deputy Managing Director, the Executive Director selected by the Executive Board shall act as Chairman. An Executive Director shall retain his right to vote when serving as Acting Chairman."

[1] Resolution No. 3.

ANNEX III

DRAFT RESOLUTION RELATING TO THE TERMS AND CONDITIONS ON WHICH HAITI SHALL BE ADMITTED TO MEMBERSHIP IN THE FUND[1]

WHEREAS, the Government of the Republic of Haiti has applied for admission to membership in the International Monetary Fund in accordance with Section 2 of Article II of the Articles of Agreement of the Fund; and

WHEREAS, pursuant to Section 21 of the By-Laws of the Fund, the Executive Board has consulted with representatives of that Government and has agreed upon the terms and conditions which, in the opinion of the Executive Board, the Board of Governors might wish to prescribe;

NOW THEREFORE, the Board of Governors, having considered the recommendations of the Executive Board, hereby resolves that the Government of the Republic of Haiti shall be admitted to membership in the International Monetary Fund under Article II, Section 2, of the Articles of Agreement on the following terms and conditions:

(1) That the quota of Haiti shall be $2,000,000;

(2) That its subscription shall be equal to its quota, and that not less than 25 per cent of the subscription shall be paid in gold and the balance in the currency of Haiti;

(3) That the portion of the subscription to be paid in gold shall be paid on or before the date on which the Articles of Agreement shall have been signed on behalf of Haiti;

(4) That within thirty days after the Fund so requests, Haiti shall communicate to the Fund the par value of its currency based on the rates of exchange prevailing on the date Haiti becomes a member of the Fund, and within sixty days following

[1] Resolution No. 4.

the Fund's receipt of the communicated par value Haiti and the Fund shall agree on an initial par value for the currency; provided that the Fund may extend the period of sixty days, and that Haiti shall be deemed to have withdrawn from the Fund if agreement on a par value has not been reached when the extended period expires;

(5) That Haiti may not engage in exchange transactions with the Fund before the thirtieth day after the par value of its currency has been agreed in accordance with (4) above and its subscription shall be paid in full before such thirtieth day;

(6) That Haiti shall become a member of the Fund subject to the terms and conditions set forth in this resolution as from the date when Haiti has complied with both of the following requirements:

a. Haiti shall deposit with the Government of the United States of America an instrument stating that it has accepted in accordance with its law the Articles of Agreement and all the terms and conditions prescribed in this resolution, and that it has taken all steps necessary to enable it to carry out all its obligations under the Articles of Agreement and this resolution; and

b. Haiti shall sign the original copy of the Articles of Agreement held in the Archives of the Government of the United States of America.

(7) That Haiti may accept membership in the Fund pursuant to this resolution until March 31, 1950, provided, however, that if extraordinary circumstances are deemed by the Executive Directors to warrant an extension of the period during which Haiti may accept membership pursuant to this resolution, the Executive Directors may extend such period until such later date as they may determine, but in no event beyond September 30, 1950.

ANNEX IV

DRAFT RESOLUTION ON THE EXTENSION OF THE PERIOD FOR ACCEPTANCE BY LIBERIA OF MEMBERSHIP IN THE FUND[1]

RESOLVED:

That the period in which the Republic of Liberia may accept membership in the Fund upon the terms and conditions set forth in Resolution No. 4-1[2] of the Board of Governors shall be extended until March 31, 1950, provided, however, that if extraordinary circumstances are deemed by the Executive Directors to warrant the extension of the period during which Liberia may accept membership, the Executive Directors may extend such period until such later date as they may determine, but in no event beyond October 1, 1950.

[1] Resolution No. 5.

[2] Resolution No. 4-1, adopted by the Board of Governors by telegraphic poll on November 1, 1948, is reproduced on page 41.

Committee on Gold

Chairman:	Norway
Vice-Chairman:	Poland
Reporting Member:	Lebanon

Members: Australia, Austria, Belgium, Canada, China, Colombia, Cuba, France, India, Mexico, Peru, Philippine Republic, Syria, Thailand, Union of South Africa, United Kingdom, United States, Venezuela

Mr. Chairman:

The Committee met at 3:30 p.m., September 14, and 4:45 p.m., September 15, 1949 to consider the following resolution which had been referred to it by the Board of Governors:

> WHEREAS, it is the desire of all members of the International Monetary Fund to persevere in their endeavour to secure international co-operation in monetary and foreign exchange matters on the basis accepted by the Bretton Woods Conference, and
>
> WHEREAS, it would be unreasonable to attempt to secure such co-operation on the basis of disproportionate sacrifice by members producing gold, and
>
> WHEREAS, the price for gold used for monetary purposes in terms of Article IV, Sec. 1 of the Articles of Agreement of the International Monetary Fund has remained unchanged since the inception of the Fund, and
>
> WHEREAS, the prices of other commodities have in the meantime increased by substantial margins, and
>
> WHEREAS, the maintenance of stable exchange rates is the reason for fixing the price of gold at the same figure over considerable periods of time, and

WHEREAS, the maintenance of the price at present fixed in terms of the Fund Agreement has, in the face of the substantial increase in the price-level of other commodities, only been secured at heavy, disproportionate and unjustifiable cost to countries producing gold, and

WHEREAS, it is permissible in terms of the Fund Agreement to sell newly-mined gold in any market,

SO THEREFORE, it is now Resolved by the Governors of the International Monetary Fund that nothing in the Articles of Agreement of the Fund shall be interpreted to prevent the sale, by the Government of any member, of newly-mined gold in any market at such premium prices as may be ruling in that market *provided* the said member sells to the Fund or to one or more members of the Fund, or transfers to its own monetary reserves at least fifty percent of its newly-mined gold at the price from time to time current in terms of the Articles of Agreement of the Fund.

After extended discussion there was unanimous agreement that the following resolution be recommended to the Board of Governors for adoption:[1]

WHEREAS, the Governor for the Union of South Africa has proposed the above resolution;[2]

WHEREAS, the Committee has considered the resolution of the Governor for South Africa and has explored the related problems of the gold-producing countries; and

WHEREAS, the resolution proposes a basic modification of the policy respecting sales of gold at premium prices which has been adopted by the International Monetary Fund and may

[1] Resolution No. 6.

[2] The statement delivered by the Governor for the Union of South Africa in support of his Government's motion is attached as Appendix C.

involve questions of interpretation of several provisions of the Articles of Agreement; and

WHEREAS, the considerations which are raised are so complex and important as to require extensive study;

BE IT RESOLVED, that the said resolution of the Governor for the Union of South Africa be referred to the Executive Directors of the Fund for study of all relevant considerations and report to the Board of Governors.

Approved:

(s)	(s)
GUNNAR JAHN	GEORGES HAKIM
(Norway)	(Lebanon)
Chairman	Reporting Member

The Report was approved and the Resolution adopted by the Board of Governors at Session No. 4, September 16, 1949.

REPORT OF THE DISCUSSION GROUPS[1]

Presented by
Mr. Camille Gutt

CHAIRMAN OF THE EXECUTIVE BOARD AND MANAGING DIRECTOR OF THE INTERNATIONAL MONETARY FUND

Mr. Chairman and Gentlemen, this year the Governors began what I believe is a practice of considerable promise. They came together in informal discussion groups to exchange views on the subjects which are of importance to them and to the Fund. This, I believe, carries forward the first purpose assigned to the Fund — "To promote international monetary cooperation through a permanent institution which provides the machinery for consultation and collaboration on international monetary problems."

Under this year's procedural provisions I was asked to Chair the discussion meetings and to make an oral report to the Board of Governors. These meetings were confidential in order to encourage free participation by the Governors. Accordingly, my report will be general and brief.

Discussion Group One was assigned the topic of Exchange and Monetary Policy, based on Chapters I and II of the Fourth Annual Report. These Chapters carried carefully worded — but nevertheless, I think, fairly clear — indications of the Executive Board's thinking on important and timely problems. I am pleased to say that, with one possible exception, the Governors who spoke complimented the presentation in the Report and did not take exception to the general analysis set forth there. They only raised questions on the emphasis given to particular points.

Some Governors felt there was possibly not enough emphasis in the Report on encouraging a resumption of the traditional triangular

[1] The oral report of the Managing Director on the deliberations of the Discussion Groups was presented to the Board of Governors (Session No. 4, September 16, 1949) in accordance with provisions laid down by the Procedures Committee (Procedures Committee Report No. 1, Annex V).

trade pattern from Europe through Far Eastern markets to the Western Hemisphere. They believed that if production in the Far East could be helped to a rapid recovery, the dollar payments problem of European countries could be considerably relieved.

The reply was that the Executive Board would undoubtedly subscribe fully to this view. However, the magnitude of Europe's dollar deficit was so great that even with a considerable improvement in the triangular trade, there would still be a great need for increased direct exports to the Western Hemisphere.

The exceptional view mentioned above was that the report laid too much stress on exchange adjustment as a method for coping with the dollar payments problem, and that other measures, such as the encouragement of trade between particular regions, should receive more attention. The reply again was that although this and other measures could play a part the size of the dollar payments problem for many countries was so large that it could not be overcome unless disparities in costs and prices were eliminated.

Another comment, arising particularly out of Chapter II, raised the question of what consequences could be expected if the difficult steps to achieve a tolerable balance in international payments were not taken or were taken too slowly. The implications for the possibility of maintaining an orderly pattern of cross rates for currencies was noted. The belief was expressed that the problem was more than an academic one and should continue to receive the active study of the Executive Directors.

Discussion Group Two dealt with the topic of Exchange Restrictions and Monetary Reserves, based on Chapters I, III, and V of the Fourth Annual Report. Again in this group the Governors generally appeared to accept the basic analysis of the Report, but suggested possible differences of emphasis. One trend of thought was that an early relaxation of exchange restrictions could not be expected, not only because of the difficult payments problem but also because of the low reserves of most countries. On the other

hand, it was observed that the improvement over the last few years in the underlying economic situation, though inadequate, provided an environment — especially as prices and costs were brought in line — not for full convertibility but for progress toward convertibility. Indeed, it was noted some real progress had been made — a kind of background progress in the direction of making it possible to take explicit steps in the exchange field. Happily, I believe the Report itself is a balanced document and takes account of these two lines of thought.

The discussion also took account of a number of other important factors, including the relationship of the flow of private capital to exchange restrictions, the problem of public and international confidence in currency values, and the relationship of monetary reserves to the attainment of convertibility. In response to another line of questioning, it was pointed out that the Fourth Annual Report and previous annual reports of the Fund have recognized the difficulties involved in attaining significant relaxation of exchange restrictions, unless at the same time there is a strengthening of the balance of payments position of the countries imposing such restrictions.

In summary I am glad to report that despite some differences of emphasis there was a substantial amount of agreement with these parts of the Annual Report.

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RESOLUTIONS

Resolution No. 1

Membership for Liberia[1]

Under date of June 7, 1948, the Republic of Liberia applied for membership in the Fund. The Executive Board resolved on October 6, 1948, that action on the application should not be postponed until the next regular meeting of the Board of Governors.

In accordance with Section 13 of the By-Laws, the following resolution was submitted to the Governors on October 8, 1948, for a vote without meeting:

RESOLVED:

(1) That the Board of Governors hereby approves the admission of Liberia to membership in the International Monetary Fund under Article II, Section 2, of the Articles of Agreement on the following terms and conditions:

(2) That the quota of Liberia shall be $500,000;

(3) That its subscription shall be equal to its quota, and that not less than 25 per cent of the subscription shall be paid in gold and the balance in the currency of Liberia;

(4) That the portion of the subscription to be paid in gold shall be paid on or before the date on which the Articles of Agreement shall have been signed on behalf of Liberia;

(5) That within thirty days after the Fund so requests, Liberia shall communicate to the Fund the par value of its currency based on the rates of exchange prevailing on the date Liberia becomes a member of the Fund, and within sixty days following the Fund's receipt of the communicated par value Liberia and the Fund shall

[1] A further Resolution relating to Membership for Liberia was adopted by the Board of Governors at Session No. 4, September 16, 1949 (Resolution No. 5) and is reproduced on page 46.

agree on an initial par value for the currency; provided that the Fund may extend the period of sixty days, and that Liberia shall be deemed to have withdrawn from the Fund if agreement on a par value has not been reached when the extended period expires;

(6) That Liberia may not engage in exchange transactions with the Fund before the thirtieth day after the par value of its currency has been agreed in accordance with (5) above and its subscription shall be paid in full before such thirtieth day;

(7) That Liberia shall become a member of the Fund subject to the terms and conditions set forth in this resolution as from the date when Liberia has complied with both of the following requirements:

a. Liberia shall deposit with the Government of the United States of America an instrument stating that it has accepted in accordance with its law the Articles of Agreement and all the terms and conditions prescribed in this resolution, and that it has taken all steps necessary to enable it to carry out all its obligations under the Articles of Agreement and this resolution; and

b. Liberia shall sign the original copy of the Articles of Agreement held in the Archives of the Government of the United States of America.

(8) That Liberia may accept membership in the Fund pursuant to this resolution until March 31, 1949, provided, however, that if extraordinary circumstances are deemed by the Executive Directors to warrant an extension of the period during which Liberia may accept membership pursuant to this resolution, the Executive Directors may extend such period until such later date as they may determine, but in no event beyond October 1, 1949.

The Board of Governors adopted the foregoing resolution and, in accordance therewith, the Chairman of the Executive Board on

November 1, 1948, extended a formal invitation to the Republic of Liberia to become a member of the International Monetary Fund.

At the request of Liberia, the Executive Directors on March 21, 1949, extended the period in which Liberia might accept membership in the Fund until October 1, 1949.

Resolution No. 2

Report on Audit for the Fiscal Year ended April 30, 1949

and

Administrative Budget for the Fiscal Year ending April 30, 1950[1]

RESOLVED:

That the Board of Governors of the Fund considers the Report on Audit for the fiscal year ended April 30, 1949, the Financial Statements contained therein and the Administrative Budget for the fiscal year ending April 30, 1950, as fulfilling the requirements of Article XII, Section 7, of the Articles of Agreement and Section 20 of the By-Laws.

Resolution No. 3

Rules and Regulations[2]

RESOLVED:

That the Board of Governors of the Fund hereby notifies the Executive Directors that it has reviewed the following amendment to the Rules and Regulations adopted by the Executive Directors since the Third Annual Meeting and has no modifications to suggest:

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[1] Recommended by Committee on Organization and Administration and adopted by the Board of Governors at Session No. 4, September 16, 1949.

[2] Recommended by Committee on Organization and Administration and adopted by the Board of Governors at Session No. 4, September 16, 1949. For explanation of the amendment and former text of Section C-5, *see* Appendix A.

Section C-5.

"In the absence of the Managing Director, the Deputy Managing Director shall act as Chairman and shall have a deciding vote in case of an equal division. In the absence of both the Managing Director and the Deputy Managing Director, the Executive Director selected by the Executive Board shall act as Chairman. An Executive Director shall retain his right to vote when serving as Acting Chairman."

Resolution No. 4

Membership for Haiti[1]

WHEREAS, the Government of the Republic of Haiti has applied for admission to membership in the International Monetary Fund in accordance with Section 2 of Article II of the Articles of Agreement of the Fund; and

WHEREAS, pursuant to Section 21 of the By-Laws of the Fund, the Executive Board has consulted with representatives of that Government and has agreed upon the terms and conditions which, in the opinion of the Executive Board, the Board of Governors might wish to prescribe;

NOW THEREFORE, the Board of Governors, having considered the recommendations of the Executive Board, hereby resolves that the Government of the Republic of Haiti shall be admitted to membership in the International Monetary Fund under Article II, Section 2, of the Articles of Agreement on the following terms and conditions:

(1) That the quota of Haiti shall be $2,000,000;

(2) That its subscription shall be equal to its quota, and that not less than 25 per cent of the subscription shall be paid in gold and the balance in the currency of Haiti;

[1] Recommended by Committee on Organization and Administration and adopted by the Board of Governors at Session No. 4, September 16, 1949.

(3) That the portion of the subscription to be paid in gold shall be paid on or before the date on which the Articles of Agreement shall have been signed on behalf of Haiti;

(4) That within thirty days after the Fund so requests, Haiti shall communicate to the Fund the par value of its currency based on the rates of exchange prevailing on the date Haiti becomes a member of the Fund, and within sixty days following the Fund's receipt of the communicated par value Haiti and the Fund shall agree on an initial par value for the currency; provided that the Fund may extend the period of sixty days, and that Haiti shall be deemed to have withdrawn from the Fund if agreement on a par value has not been reached when the extended period expires;

(5) That Haiti may not engage in exchange transactions with the Fund before the thirtieth day after the par value of its currency has been agreed in accordance with (4) above and its subscription shall be paid in full before such thirtieth day;

(6) That Haiti shall become a member of the Fund subject to the terms and conditions set forth in this resolution as from the date when Haiti has complied with both of the following requirements:

a. Haiti shall deposit with the Government of the United States of America an instrument stating that it has accepted in accordance with its law the Articles of Agreement and all the terms and conditions prescribed in this resolution, and that it has taken all steps necessary to enable it to carry out all its obligations under the Articles of Agreement and this resolution; and

b. Haiti shall sign the original copy of the Articles of Agreement held in the Archives of the Government of the United States of America.

(7) That Haiti may accept membership in the Fund pursuant to this resolution until March 31, 1950, provided, however, that

if extraordinary circumstances are deemed by the Executive Directors to warrant an extension of the period during which Haiti may accept membership pursuant to this resolution, the Executive Directors may extend such period until such later date as they may determine, but in no event beyond September 30, 1950.

Resolution No. 5

Extension of Time for Liberia's Acceptance of Membership[1]

RESOLVED:

That the period in which the Republic of Liberia may accept membership in the Fund upon the terms and conditions set forth in Resolution No. 4-1 of the Board of Governors shall be extended until March 31, 1950, provided, however, that if extraordinary circumstances are deemed by the Executive Directors to warrant the extension of the period during which Liberia may accept membership, the Executive Directors may extend such period until such later date as they may determine, but in no event beyond October 1, 1950.

Resolution No. 6

Proposal of Union of South Africa Concerning Gold Sales at Premium Prices[2]

WHEREAS, the Governor for the Union of South Africa has proposed the attached resolution;[3]

[1] Recommended by Committee on Organization and Administration at the request of the Republic of Liberia, and adopted by the Board of Governors at Session No. 4, September 16, 1949. Resolution No. 4-1, adopted by the Board of Governors by telegraphic poll on November 1, 1948, is reproduced on page 41.

[2] Recommended by Committee on Gold and adopted by the Board of Governors at Session No. 4, September 16, 1949.

[3] The text of the resolution proposed by the Union of South Africa is reproduced on page 34. For a statement delivered by the Governor for the Union of South Africa in support of the motion, *see* Appendix C.

WHEREAS, the Committee has considered the resolution of the Governor for South Africa and has explored the related problems of the gold-producing countries; and

WHEREAS, the resolution proposes a basic modification of the policy respecting sales of gold at premium prices which has been adopted by the International Monetary Fund and may involve questions of interpretation of several provisions of the Articles of Agreement; and

WHEREAS, the considerations which are raised are so complex and important as to require extensive study;

BE IT RESOLVED, that the said resolution of the Governor for the Union of South Africa be referred to the Executive Directors of the Fund for study of all relevant considerations and report to the Board of Governors.

Resolution No. 7

Site and Date of Fifth Annual Meeting[1]

RESOLVED:

That the Chairman shall convene the Fifth Annual Meeting of the Board of Governors of the International Monetary Fund in Paris in the month of September, 1950.

Resolution No. 8

Election of Officers of the Board of Governors for Ensuing Year[2]

RESOLVED:

That the Governor for India is hereby elected Chairman, and the Governors for China, France, United Kingdom and United

[1] Recommended by the Procedures Committee and adopted by the Board of Governors at Session No. 5 (Joint), September 16, 1949.

[2] Recommended by the Procedures Committee and adopted by the Board of Governors at Session No. 5 (Joint), September 16, 1949.

States are hereby elected Vice-Chairmen of the Board of Governors of the International Monetary Fund, to hold their respective offices until the election of officers of the International Monetary Fund takes place at the close of the next annual meeting.

Resolution No. 9

Establishment and Composition of the Procedures Committee for Ensuing Year[1]

RESOLVED:

That a Procedures Committee be hereby established, to be available after the termination of this meeting, and until the election of officers of the International Monetary Fund takes place at the next annual meeting, for consultation at the discretion of the Chairman, normally by correspondence, and also if occasion requires by convening immediately before the annual meeting of the Board. The Procedures Committee shall consist of the Governors for the following members:

Brazil, Canada, China, Colombia, Czechoslovakia, Egypt, France, India, Mexico, Netherlands, United Kingdom, United States.

The Chairman, Vice-Chairman and Reporting Member shall be the Governors for India, Canada and Netherlands, respectively.

[1] Recommended by the Procedures Committee and adopted by the Board of Governors at Session No. 5 (Joint), September 16, 1949.

APPENDICES

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APPENDIX A

EXPLANATION OF AMENDMENT TO RULES AND REGULATIONS[1]

Dear Mr. Chairman,

In accordance with Section 16 of the By-Laws, the amendment to the Rules and Regulations set forth in the attached proposed Resolution is submitted for review by the Board of Governors. The amendment was adopted by the Executive Directors on November 12, 1948.

The following is a brief explanation of the amendment:

> C-5. This regulation was amended in order to provide that in the absence of the Managing Director the Deputy Managing Director would act as Chairman and in that capacity have a deciding vote in case of an equal division, provided, however, that in the absence of both the Managing Director and the Deputy Managing Director, the Executive Director selected by the Executive Board should act as Chairman and would retain his right to vote when so serving.

With the exception of the foregoing amendment to the Rules and Regulations, the Executive Directors adopted no other amendments, additions or deletions to the Rules and Regulations.

Sincerely yours,

GUTT

Chairman of the Executive Board

Chairman of the Board of Governors
Fourth Annual Meeting
International Monetary Fund

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[1] The amendment was reviewed by the Committee on Organization and Administration. *See also* Resolution No. 3, adopted by the Board of Governors at Session No. 4, September 16, 1949.

Amendment to Rules and Regulations

RESOLVED:

That the Board of Governors of the International Monetary Fund hereby notifies the Executive Directors that it has reviewed the following amendment to the Rules and Regulations and has no modifications to suggest:

Section C-5.

Amended text adopted November 12, 1948:

"In the absence of the Managing Director, the Deputy Managing Director shall act as Chairman and shall have a deciding vote in case of an equal division. In the absence of both the Managing Director and the Deputy Managing Director, the Executive Director selected by the Executive Board shall act as Chairman. An Executive Director shall retain his right to vote when serving as Acting Chairman."

[Former text adopted September 25, 1946:

"In the absence of the Managing Director, the Executive Director selected by the Executive Board shall act as Chairman. An Executive Director shall retain his right to vote when serving as Acting Chairman."]

APPENDIX B

REPORT OF THE EXECUTIVE BOARD TO THE BOARD OF GOVERNORS ON RELATIONS WITH THE INTERNATIONAL TRADE ORGANIZATION AND THE CONTRACTING PARTIES TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE[1]

At the Third Annual Meeting of the Board of Governors, the Executive Directors reported on the developments concerning the establishment of an International Trade Organization and the formulation of arrangements for cooperation between the Fund and that Organization, and between the Fund and the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade. Since that time there have been certain developments in this important field on which the Executive Directors wish to inform the Governors.

1. The draft arrangement of relationship between the International Trade Organization and the Fund, which was furnished the Board of Governors for their information at the Third Annual Meeting, has been approved by the Executive Committee of the Interim Commission for the International Trade Organization and has been circulated to the governments on the Interim Commission for further study. It is intended that the draft as approved by the Interim Commission will be submitted to the First Annual Conference of the International Trade Organization and to the Board of Governors of the International Monetary Fund.

2. When the Executive Directors submitted their last report to the Governors on this matter, it was expected that the International Trade Organization would be established in 1949. That does not appear likely now in view of the delays which have occurred in the ratification of the Havana Charter. The effects of this delay have raised unexpected problems for and have placed greater emphasis on the role to be played in the meantime by the CONTRACTING

[1] The Report was considered by the Procedures Committee and recommended for submission to the Board of Governors for their information only.

PARTIES to the General Agreement on Tariffs and Trade. The CONTRACTING PARTIES are making serious attempts to establish working arrangements for multilateral commercial policies. The General Agreement on Tariffs and Trade is proving itself to be a workable instrument for the negotiation of reductions and adjustments of trade barriers. The sessions of the CONTRACTING PARTIES at the present time are an important forum for the free and frank discussions of commercial policy among the major trading nations and an important channel for coordinating commercial policies, as far as practicable, with Fund policies.

3. The Third Session of the CONTRACTING PARTIES was held in Annecy, France, commencing April 8, 1949. A Fund Mission, headed by Executive Director, Zaki Bey Saad, attended. The Executive Directors wish to inform the Governors on the following aspects of that meeting:

(a) *Special Exchange Agreement*

The Committee on Special Exchange Agreements, which had commenced its work in London in 1948, completed its assignment in Annecy and unanimously agreed to a draft text of a special exchange agreement, similar in substance to the Fund Articles of Agreement insofar as applicable. This text was adopted by the CONTRACTING PARTIES. Those contracting parties which are not members of the Fund will be required to sign a special exchange agreement on or before the first day after November 1, 1949, on which the CONTRACTING PARTIES are in session. Other governments which join the CONTRACTING PARTIES shall sign a special exchange agreement within four months after they become a contracting party, or on or before the first day after November 1, 1949, on which the CONTRACTING PARTIES are in session (whichever is later). Any contracting party which ceases to be a member of the Fund shall accept the special exchange agreement forthwith; i.e., in no

event later than thirty days after it ceases to be a member of the Fund. Because of the special problems of New Zealand, a special resolution was passed exempting that Government from signing the approved text of the special exchange agreement and according it an opportunity to submit its case for the consideration of the CONTRACTING PARTIES at their Fourth Session.

(b) *Consultation on the South African Import Restrictions*

The Government of the Union of South Africa, one of the contracting parties to the General Agreement on Tariffs and Trade, in November 1948 instituted non-discriminatory import prohibitions on certain products in order to safeguard its monetary reserves which were rapidly declining. In accordance with the provisions of Article XII, paragraph 4(a) of the General Agreement, South Africa consulted with the CONTRACTING PARTIES with regard to these import restrictions. The CONTRACTING PARTIES on January 28, 1949, requested consultation with the Fund on the matter, and the Fund prepared a study on the South African monetary position which it submitted to the CONTRACTING PARTIES under date of March 21, 1949. The consultation between the Government of South Africa and the CONTRACTING PARTIES took place at the Third Session of the CONTRACTING PARTIES in Annecy, France. The Fund was invited to participate in the consultation which originally related to the restrictions imposed in November 1948, as modified in March 1949. It was later extended to two new contemplated programs of import restrictions: a temporary program covering the period from July 1, 1949, to a date not later than January 1, 1950, and a long-range program to commence by the latest January 1, 1950. During the course of the consultations at the Third Session in Annecy, the Fund submitted a report dated May 25, 1949 on the South African financial position, supplementing its report of March 21, 1949.

The CONTRACTING PARTIES on June 13, 1949 adopted the views set forth in the following excerpt from their Working Party's report:

> "The Fund has determined that, owing especially to the increased use of sterling exchange, the serious decline in the Union's reserves which occurred in 1948 has continued during the first four months of 1949 and strong immediate remedial measures are necessary. The Fund Report has indicated that the deficit of South African current transactions with the non-sterling area has been greatly reduced during the first four months of 1949, and that the deficit with the sterling area has increased as compared with 1948. The Fund indicated that a severe contraction in imports would be required in order to maintain the monetary reserves of the Union of South Africa. The Working Party considered that the serious decline in South Africa's reserves since the introduction of restrictions in November 1948, as indicated by the Fund, would justify a further contraction in the volume of imports, in particular of imports from the sterling area."

The CONTRACTING PARTIES did not take a decision with respect to the discriminatory aspects of the South African program since, as provided in paragraph 3 of Annex J of the General Agreement, South Africa had not asked for prior approval of a definite plan, and the proposed restrictions were not yet in application.

The Fund presented the facts and data relative to the balance of payments position of South Africa and its finding that the serious decline in the Union's reserves, which occurred in 1948, had continued during the first four months of 1949 and that strong immediate remedial measures were necessary to protect those reserves. The Fund's position was reserved, however, with regard to all other financial aspects of the matters covered in

the consultation pending the receipt and examination of more detailed information.

In the light of its consultative functions with the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade, the Fund will review any measures the Union of South Africa might ultimately adopt, and it will deal with any exchange or financial aspects these measures might imply in conformity with its Articles of Agreement.

With respect to the exchange elements which might be present in the programs, the representatives of the Government of South Africa at the Annecy Meeting declared that any aspects of the scheme which affected exchange control would be discussed with the Fund.

(c) *Consultation Procedures*

The consultation at Annecy on the South African import restrictions between the CONTRACTING PARTIES and the Union of South Africa was the first consultation under the General Agreement, and, accordingly, was given great weight by the individual contracting parties as a precedent-making consultation. It crystallized the need for the development of procedures not only for consultations under Article XII, paragraph 4(a) of the General Agreement (which had been applied in the South African case), but also for consultations under other provisions of the GATT and particularly for those which might take place between sessions of the CONTRACTING PARTIES. The Fund's representatives at Annecy were asked to participate in the discussions of the CONTRACTING PARTIES relating to these matters and interim procedures were developed to be used during the periods when the CONTRACTING PARTIES are not in session.

With respect to the procedures for consultations between the CONTRACTING PARTIES and the Fund, the arrangement set

forth in the exchange of letters in September 1948,[1] between the Fund and the Chairman of the CONTRACTING PARTIES, on which the Executive Directors informed the Governors at their last Annual Meeting, continues to operate.

The CONTRACTING PARTIES have asked the Fund for its views concerning the development of a procedure for direct consultations between the Fund and a contracting party which is not a member of the Fund when the Fund is considering matters affecting that party in connection with consultations under provisions of the General Agreement. In view of the close cooperation between the CONTRACTING PARTIES and the Fund which is contemplated in the GATT, the Executive Directors agreed in principle to this kind of consultation. The CONTRACTING PARTIES have been so advised and that a procedure for informal and temporary arrangements for such consultations is being studied by the Fund.

[1] For the text of these letters, *see* Appendix XI of the Fourth Annual Report.

APPENDIX C

STATEMENT BY THE GOVERNOR FOR THE UNION OF SOUTH AFRICA[1]

The Honorable N. C. Havenga

Mr. Chairman,

Five years ago the countries which were represented at Bretton Woods entered into an agreement to create an organisation to cope with some of the evils which had so shackled international trade before the war as to reduce it to a mere shadow of its former self.

These evils included unstable exchanges, multiple currency practices, quotas, restrictions and regulations too numerous to mention.

A definition of the role of gold in international trade was an essential condition for the restoration of order.

The Articles of Agreement of the International Monetary Fund defined this position, and the signatory powers undertook definite obligations in regard to gold and the role of gold in international trade. In clear, crisp and concise language they stated: "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 1st, 1944."

By implication the signatory members limited the role which gold could play in controlling prices by confining its role to the settlement of international balances. Since the maintenance of exchange stability was one of the principal objectives of the Fund, and since the par value of each currency was equated to a given quantity of gold, any freedom on the part of the price of gold to move outside very narrow limits would, bearing in mind the large volume of gold which has been accumulated through the ages, prevent stability in the masses of paper money, which in themselves

[1] Delivered at Session No. 2, September 13, 1949, in support of the South African proposal concerning gold sales at premium prices. The proposal was referred to Committee on Gold for consideration. *See* page 34 for the Report of the Committee.

possess no inherent value or stability. Without the sheet anchor of strong gold reserves, these floating masses of irredeemable promises to pay would have not even relative stability either for internal or for external payments.

Bretton Woods was therefore faced by a position in which

(a) gold was not allowed to influence the price level;

(b) gold was an essential element in the structure of exchange stability which it was desired to secure;

(c) the price of gold would itself be influenced by the instability of prices caused by the vast masses of fiat money over which there was no real control;

(d) the changes in the values of national currencies, caused by the varying rate at which these masses of fiat money would be created, would cause changes from time to time in the relative parities of national currencies.

How did Bretton Woods propose to deal with the resulting problems?

It provided, in the first place, that through the agency of the Fund the individual parities of national currencies could be changed as circumstances demanded. The Fund was to be an arbiter of these changes to prevent competitive exchange depreciation which had disrupted so much international trade before the war.

In coming, secondly, to the role of gold it adopted the device of keeping its price stable over a period of years. It provided further that when the maintenance of this stable price would, in view of changes generated by the instability of the general price level, itself become an element of instability, the price of gold would be changed by a uniform change in all parities. Obviously it would be acting in clear conflict with the objective of stability if the machinery created for its maintenance were itself to be placed into a position of unstable equilibrium and more so if it were allowed to degenerate into a position of acute disequilibrium.

This latter device, the device for using gold at a fixed price over a period of years to maintain stability, necessitated a compromise with the producers of gold. Instead of the price of their product moving directly in sympathy with the general level of prices, as would happen in a free market for gold, they would be required to absorb the higher costs until such time as a uniform change in parities could give them relief. They had accordingly to agree to forego the right to sell gold, except at a fixed price. If they did not do this the machinery would not work and the device designed by the conference for maintenance of stability in the exchanges would be useless.

In order to make it worth the while of gold producers to sacrifice their freedom a *quid pro quo* had, therefore, to be offered in the form of an undertaking by members to effect a uniform change in parities when the time came for doing this.

This was their compensation. And as they had to make the initial sacrifice the provisions under which a uniform change of parities could be brought about represented an honourable undertaking by all members that they would not take the benefits initially and refuse to pay the price when the time came for honouring this obligation.

How was this compromise worked out in the Articles of Agreement?

It consisted of an agreement in two parts. The agreement in the first part was to fix the price of gold at the level obtaining when the agreement was entered into. For convenience it was expressed in terms of the weight and fineness of the dollar established by the law of the United States as at July 1st, 1944.

In accepting this part of the agreement gold producers all over the world committed themselves to be bound for an indefinite time by the law of the United States of America on this point.

They did this in full reliance on international honour in carrying out the second part of the agreement.

The agreement in its second part laid down how the fixed price could be changed. It did not attempt to define the circumstances under which a change must be made. It was realized in the dark war years of 1944 that such a close definition might be more embarrassing than useful in later years. The participants contented themselves by creating the machinery. They left the question of judgment as to when the machinery should be brought into operation to the Fund, relying on international good sense and honour rather than on specific injunction. The acceptance of this agreement was an act of faith on the part of gold producers. I have every confidence that their faith will not be shamed.

It is in this spirit that the agreement was accepted by the Government and the Parliament of my country. I say further that it is in this spirit that it was accepted by every Government and every Parliament which became a party to the Agreement. I say this without fear of contradiction.

Unless anybody is prepared to question this conclusion the problem is narrowed down to the point whether the price of gold accepted in 1944 is still an equitable price. That is a question to which I shall presently devote my attention.

Before doing that I wish to refer to the machinery created for dealing with this problem when it should arise.

The Fund Agreement provided that the price of gold could be changed if a majority of the total voting power supported such a change and if, in addition, every member which has ten percent or more of the total quotas approved the change.

Realizing that this was too inflexible, and that a change desired by the majority might not meet with the requirements of a particular country, the Agreement made further provision enabling a member to decline to accept the change as far only as its own currency is concerned. It can do this by employing the simple device of notifying the Fund within seventy-two hours that it does not wish the par value of its currency to be changed.

The position of a member holding more than ten percent of the quotas, if faced with an unacceptable vote on this matter, is therefore either

(a) that it may in effect veto the change, thereby imposing its own views on the majority, or

(b) that if it does not desire to be placed in this invidious position, it may freely elect that its own currency shall not be bound by the vote.

Now, Mr. Chairman, I have gone over these points, which all of you know, to stress the fact that it was the plain intention and the honourable understanding of all members of the Fund that a change should be brought about in the price of gold should circumstances justify such a course.

Without such plain intention it is inconceivable that any important gold-producing country could have joined the Fund. If the Fund should fail in honouring its obligations in terms of this plain intention it ceases to be an instrument of international co-operation, dealing fairly and objectively with all its members. It becomes, then, merely an instrument for the maintenance of adverse terms of trade in the interest of some of its members and at the cost of those of its members producing gold.

The question at issue, Mr. Chairman, is not whether it pays certain members to use their votes in this international organisation to maintain terms of trade in their favour at the cost of others. No international organisation can last if such were to be the spirit in which members act.

Of course it pays members to sell their manufactured products at 1949 prices, and to buy gold at 1939 prices, and in some cases at 1934 prices. Of course members like to sell dear and buy cheap.

That is not the question. The real question — the question on which the continued existence of the International Monetary Fund may well depend — is whether members buying gold have the ethical right to maintain a distortion of the terms of trade in their

favour, a distortion which has resulted from an internal inflation which none of them has been able to stop or cure.

I claim, Mr. Chairman, that the time has now arrived that the permanent machinery of the Fund should be set in motion to give careful study to the question of a uniform change in parities. And I claim that this matter has become so urgent that immediate attention should be given to it by the Executive Directors.

I consider that the right procedure is that the Executive Directors and the Staff should report on the matter to the Board of Governors. The abolition of an existing uniform parity postulates the fixing of another. The determination of the new parity can only be done by the Board of Governors after very careful examination of all the data. The members maintain a very large and expensive organisation and both on account of the intricacy of the problem and the universal interest in it the technical examination should be undertaken by the Executive Board.

Thereafter it will require a special meeting of the Board of Governors to deal with the question. It will require a special meeting, because, Mr. Chairman, I do not think the disruptive effects of the present position can be endured much longer. I feel this so strongly that I have submitted, in the motion which stands in my name, a temporary compromise to tide us over the period until a more fundamental examination of the position can be made.

The disequilibrium between the price of gold and the price level of commodities has already gravely undermined the foundations on which the Fund is attempting to maintain such exchange stability as we have.

We in the Union of South Africa, and the peoples of many other countries, will watch closely whether the framework of the Fund can stand this challenge to the Fund's usefulness.

I have, Mr. Chairman, expressed our view on this vital question — vital not only to us, vital also to the Fund and to the whole of the Bretton Woods experiment — in language which I hope is

sufficiently clear and challenging. I imagine that few people will attempt to argue today that a fundamental disequilibrium between the price of gold and the general price level of commodities has not arisen. I imagine also that few statesmen of practical experience will claim that they are able or willing to cure it by unleashing in sufficient measure the shattering forces of deflation.

In the motion before you I am aiming at the more limited objective of a tiding-over measure.

The attitude of my Government is that we want to explore further the possibility of securing order in international exchange relationships on the basis of the experiment initiated at Bretton Woods.

I cannot entertain the illusion that any conspicuous measure of success has hitherto been achieved under that experiment. I will grant you that a certain stability of exchange rates has been maintained over a considerable area of world trade subject to certain important limits.

But such stability as exists is only maintained by the employment of a vast cordon of currency control officials, police officers and customs officers, and at disproportionate cost to gold-producing countries. At best and at its most efficient level this cordon is an ineffectual defence corps surrounding a weak citadel. It maintains a line which is continually being breached with impunity. At worst, it is an unmitigated nuisance to all honest commerce, to all desirable travel and peaceful intercourse between nations. The members of this cordon are a vast horde of drones whose maintenance is a severe tax on all industrious and productive workers of the community.

Their purpose is to maintain one of the *instruments* at the disposal of the Fund — the maintenance of exchange stability — exchange stability of sorts, at the cost of one of the *objectives* of the Fund, namely, the expansion and balanced growth of international trade.

I leave it to my fellow Governors to decide whether the excessive pre-occupation of the Fund with the maintenance of a rigid exchange stability at this cost is really doing international trade any good.

I want to concentrate attention rather on the question who has paid for the exchange stability, such as it is, which we have hitherto enjoyed.

I think it is abundantly clear that without a fixed price for gold no stability could possibly have attached to the flotsam and jetsam of insanitary paper which over a large area of the world represents an inefficient *ersatz* for money. The fixed price of gold has forced its producers to buy this *ersatz* money at continuously increasing prices. The more worthless paper money has become the more gold has had to be paid for it.

That is the result of such exchange stability as we have had. The gold producers of the world have been forced to pay for it.

We will assume, however, that even this unsatisfactory exchange stability has been worth maintaining, and that the alternative would have been worse. But then, Mr. Chairman, all those who have benefited from that exchange stability cannot deny the inevitable corollary — the corollary that they have enjoyed this at the direct cost of gold producers.

This burden has been borne by all gold-producing countries in various measures. No doubt some of the other gold-producing countries have gained something on the side. Able as they were to maintain a higher level of trade than might otherwise have been the case they have made up in other trade some of their losses in gold.

Not so with the Union of South Africa. Owing chiefly to the large gold reserves we built up during the war to pay for goods when they would again become available, we have paid for the bulk of our imports during the last few years in gold. We in any case normally pay for about 40 percent in gold.

We have been able to stand the strain of our disproportionately heavy contribution for the maintenance of the Bretton Woods objectives chiefly owing to the soundness of our public financial structure.

We can maintain it no longer without undermining that structure.

Because, Mr. Chairman, we in our peculiar position, differing from that of every other country, have had to bear the brunt of the measures designed to maintain exchange stability, I hope my fellow Governors will bear with me if I tell them in plain and unvarnished language what the gold policy of the Fund has meant to the daily life of my country.

I do not think anybody can deny that gold is today the cheapest commodity in world trade. One searches in vain for one other commodity entering prominently into world trade which can still be purchased at pre-war prices. Yet the bulk of the world trade in gold is carried on at 1939 prices.

What does this mean? There is a natural tendency to buy what is cheap. In gold dealings this is accentuated by the fact that gold is the prime solvent of one of the most difficult economic problems of our era—the enduring and continually worsening problem of scarce dollars.

If, therefore, other countries can get gold from South Africa in payment for their exports to us, they will give marked preference to it over receiving payment in our commodity exports.

Two vital consequences follow. Everybody wants to sell to us. We have had an avalanche of imports. But the less they buy of our commodities other than gold, the bigger their claim to be paid in gold—the one cheap commodity that everybody desires because of its cheapness and because of its unique quality of being the only remaining solvent of one of the world's most baffling economic problems, the problem of scarce dollars. We are, therefore, encountering increased sales resistance to our commodity exports while we are being flooded with the exports of the rest of the world.

To protect ourselves we have been forced to place stringent restrictions on our import trade. Restricting imports is a significant departure from our traditional commercial policy. Last-comer in the field of import control we have been pilloried as the arch-sinners for doing what every country in the world with one or two exceptions has been doing for many years.

Secondly we have been forced into the position that irrespective of the other technical aspects of our foreign exchange position we have no option but to discriminate and continue discriminating against hard currencies. We will have to continue discriminating even if we have sufficient hard currency for our own needs. This must be obvious, because if we do not do so, increasing resistance against our commodity exports will gradually ruin such important parts of our national economy as the fruit trade and the wine trade, and make it very difficult to sell our other export commodities in competition with countries which do not offer the alternative of payment in gold.

This will, therefore, be the second big sector of our international trade policy to be thrown to the wolves.

We have always, Mr. Chairman, prided ourselves on maintaining a strictly non-discriminatory policy in international trade. I do not think that until the advent of these troubles, any country in the world had cause for complaint against us. We treated every nation alike. We maintained a fair field with no favour. We are being forced into trade discrimination by the working of an instrument which has non-discriminatory trade practices as one of its objectives. And while the gold price disequilibrium lasts there is no escape for a country like South Africa from this position.

But our troubles do not end there. The next step will be that countries wishing to secure a share in our bargain sales of gold will notch claims to South African payment by underselling our own producers in our domestic market. It has always been our policy to maintain a low tariff structure. The level of our protective

duties compares favourably with that of most nations with young developing industries.

How long can anybody expect this policy to last if there is that glittering prize of cheap gold for any country which can establish claims to payment against us. I can see an endless series of vexatious dumping duties and increased tariffs being forced on us to protect our domestic industries from an attack to which they should never be subjected, an attack to which only a country situated as South Africa is and compelled to maintain bargain sales of gold can be subjected.

I pass over with a mere mention, Mr. Chairman, the difficulties which we are experiencing from the fact that several of our products are ideal carriers for the cheap currencies which escape the surveillance of their national exchange controls—articles of high economic density like diamonds, karakul or Persian lamb pelts, and even wool. Countries have thrown cordons of police, customs and banking officials round their overvalued paper currencies. Nothing that the most efficient of these cordons can accomplish can prevent large masses of such currencies from being sold at depreciated prices provided the manipulators can find commodities entering into international trade, of high value in comparison with their bulk, to serve as carriers of such transactions. The profits that can be made in legitimate trade are of less importance than the currency speculation. Owing to the nature of some of our products we are peculiarly open to attack from conditions which arise outside our borders and over which we have no control. I mention this, not because it results from the fixed gold price but because assailed as we are by the heavy drain of subsidising the stability of international exchange rates, our position is further weakened by the failure of that stability to cover the whole field.

I have posed these problems to you, gentlemen. Many of you bear responsibilities in your own countries similar to those which I bear in South Africa.

These problems can no longer be dealt with, as they have been in the last few years, by simply passing them by. South Africa cannot continue to be the bargain basement of the world in order to maintain exchange stability for the benefit of all.

These questions call for an answer, gentlemen. I would be less than frank, and failing in my duty towards my fellow Governors, if I did not draw your attention pointedly to conditions which threaten the whole structure of exchange stability, such as it is, which the Fund has succeeded in erecting.

South Africa is too small and poor a country to be able to pay more than half of the cost of underpinning this exchange structure by providing at ruinously low prices its essential constituent, gold, the common denominator of all members' currencies. I want to ask my fellow Governors: Are you going to do anything about it?

The problem is not solved by disregarding it. If you cannot offer a contribution to its solution the least I can expect from you is that you will, in a spirit of goodwill and with full regard for the fact that we must all live together in one world, place no obstacles in the way of our solving it ourselves as best we may be able to.

I have, Mr. Chairman, placed a motion on the order paper. I think the qualified freedom for gold producers asked for therein speaks for itself. I have offered you a temporary compromise—a compromise not entirely satisfactory to us but a compromise which might tide us over till the time arrives when economic conjunctures may permit of a more sound and lasting reshuffle of international payments arrangements.

I have avoided raising as an immediate issue the fundamental approach which the framers of the Fund envisaged in their Articles of Agreement—a uniform change in parities. I have explained my attitude to that question. I think it is a change which must come. I realize that the growing millions who have learnt the age old lesson that gold always appreciates in value, and that paper cur-

rencies always depreciate in value will sooner or later force a readjustment of the present disequilibrium even if the Fund should fail in its duty. I am not one of those who believe that you can continue indefinitely to make real money out of insanitary paper.

As I want a breathing space, so am I prepared to concede a breathing space to those of my colleagues for whom an immediate uniform change in parities may produce difficult problems.

I do think, however, that I can fairly claim that the maintenance of currency stability should not be bought at the cost of the ruin of my country. That is not international co-operation. That is exploitation of the worst order.

And therefore I offer you a compromise—a compromise in the interests of my country and of many other countries which have hitherto paid an undue and punishing price for the maintenance of exchange stability.

I am not wedded to this compromise. I am prepared to examine any reasonable solution of the problem. The one thing that I cannot accept is that this distinguished body of powers and authorities should, like Gallio of old, "care for none of these things."

I move the motion standing in my name.

APPENDIX D

STATEMENTS MADE AT THE OPENING SESSION

Address by the Governor for the United States[1]

John W. Snyder

Mr. Chairman and Members of the Boards of Governors, it is a real pleasure to welcome you to Washington again, and it is my hope that the sessions of this Fourth Annual Meeting of the Boards of Governors of the Fund and the Bank will prove both pleasant and fruitful.

Our annual conferences are vantage points from which we review the past work of our two institutions and look ahead to their future endeavors. I think we may say with confidence that in both directions there are signs of a better arrangement of the affairs, national and international, by which we live and prosper.

The past year has witnessed a continuation of postwar adjustments in many fields. No nation has been completely free from the necessity of making these adjustments. Few of the problems involved have proved simple of solution, and we have yet to deal effectively with some of a peculiarly difficult nature.

Nevertheless, in the give and take of the readjusting process there has been a net advancement of what we might term the front line of international effort. Extensive progress has now been made in increasing the world's volume of postwar production. Today's more pressing economic problems are largely those relating to trade. On the solutions which we find for these problems will depend in large measure the further expansion of production which we need.

If there was any doubt in any mind four years ago that important purposes were waiting to be served by the Fund and the Bank, that doubt certainly has been erased by now.

[1] Delivered at Session No. 1 (Opening Joint Session), September 13, 1949.

To review the record of the Bretton Woods and Savannah and the first Washington deliberations in the light of our knowledge of world affairs today is to be impressed more strongly with the thought that these agencies, dedicated to the coordination of political policies for stabilization and development, came none too soon on the international scene.

I have referred on other occasions to the excellence of the Fund's equipment for a consultant role. I want to emphasize this again. The Fund's experts have accumulated a comprehensive store of factual and technical data covering the whole field of international economics. They are familiar with the part played in economic forces and tendencies by individual countries of the Fund-Bank group. This information is available for any practical use to which member countries desire to put it. Views expressed by the Fund as a consultant are entitled to great respect.

The Bank has made considerable progress since our last meeting. It has moved more and more into the field of economic development. It has authorized developmental loans in various parts of the world, and it has sent technical missions to various countries to survey the economic situation and to assist these countries in formulating sound development programs.

As the Bank has emphasized in its report, more than financing is needed for economic development. The under-developed countries have domestic resources, and they should make the best possible use of these resources in connection with the employment of foreign capital. Technical assistance and advice must be made available, but these countries must also develop their own technical skills so that their enterprises may prosper on a long-range basis. Only in this way will loans provide the borrowing countries with real promise of satisfying their needs without unduly burdening their payments.

The American people attach great importance to the economic development of those areas of the world which have not been able

to realize their economic potential. The people and the Government of the United States having continuing concern with the economic well-being of all peace-loving nations, it is our common cause to expand world trade under conditions which will assure the best utilization of the world's resources towards a high level of employment and rising standards of living.

We look to the international institutions represented at this gathering for earnest and consistent support of programs and policies which will help make possible the realization of these objectives.

Address by the Governor for the United Kingdom[1]

Sir Stafford Cripps

Mr. Chairman, before we come to the next stage of our work, I would like to take the early opportunity to express in a very few words the thanks of myself and my fellow Governors, if they will allow me to speak for them, for the address with which you have opened our meeting. I think we are all profoundly interested in your address, which has sounded an inspiring note upon which to start our proceedings.

As you have said, we are, I think, all of us, realizing that the world was more deeply affected by the war than many people had imagined, and I am sure that the institutions which are meeting here today to guide and support have a great and constructive part to play in the rehabilitation of the world, which is not yet complete.

I would also like to express our gratitude for the welcome extended to us by the Governor of the United States, and how delighted we are to be once more in the friendly atmosphere of Washington.

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[1] Delivered at Session No. 1 (Opening Joint Session), September 13, 1949.

I am sure we shall find our meetings, both business and personal, most fruitful and pleasant in these happy and congenial surroundings.

In a few moments we shall be giving our attention to the addresses by the Managing Director of the Monetary Fund, Mr. Gutt, and the President of the International Bank, Mr. Eugene Black.

The former is an old friend of all of us, who has fully conformed in his conduct of the Fund to the great reputation he had earned before in many fields.

Mr. Black, though not a stranger to most of us by any means, we welcome as a newcomer to his present appointment. He succeeds our friend, Mr. McCloy, who has been called to other most important business but has left behind him a warm memory in our hearts and a high reputation for his great work to the Bank.

And in bidding him Godspeed in his new task, we extend a hand of most cordial welcome to Mr. Black, and assure him of our support in the most important task to which he has set his hand.

Under the leadership of these two men, supported as it must be by the Governors from all our several countries, the Fund and the Bank will, I am convinced, make fresh progress in the years that lie ahead of us, difficult though that job undoubtedly will be.

The Governor of the United States has spoken of his country's attitude towards the ideals which inspire our institutions, and I am sure that I speak for all of us in echoing those sentiments and in expressing the confidence that by unremitting hard work and the refusal to accept any setbacks which may come, we shall approach those objectives which were laid down for us by our founders.

APPENDIX E

STATEMENTS MADE AT THE CLOSING SESSION

Address by the Governor for India[1]

Sir Chintaman Deshmukh

Mr. Chairman, on behalf of the Government of India as well as on my own behalf, I wish to express our deep appreciation of the honor you have done my country by deciding to elect the Governor for India as Chairman for next year. The privilege of presiding over the deliberations of these two sister institutions which have such a vital part to play in international economic and monetary cooperation is one which we shall value greatly.

Associated uninterruptedly as I have been with the establishment and growth of these institutions, to me personally your decision is a source of profound satisfaction. I take pride in their progress in a world torn by ideologies, and my faith in them as instruments of international solidarity is unshakeable. To me they represent the core of economic reality around which the fluid mass of international rapport and harmony is destined to crystallize.

Imbued as my country is with this faith, we shall spare no endeavor to insure that so far as lies in our power the maximum possible progress is achieved during our tenure of office towards the realization of the objectives of these institutions.

This year's meetings of the Bank and Fund possess a special significance in view of the momentous tripartite conversations that formed their background, which lead one to hope that the great country which is our host will be willing to fill the role which her magnificent resources fit her to fill, and, if not to shoulder the burden of Atlas, to become the main pillar of the democratic world.

[1] Delivered at Session No. 5 (Closing Joint Session), September 16, 1949.

Their hospitality is correspondingly generous, and we shall take back to our respective countries heartwarming memories of what this concourse in the lovely capital city has meant to each of us in the way of further understanding.

Our deliberations have set the scene on a year's fruitful activity in the Bank and the Fund, the burden of which has been borne by the managements, the Boards of Executive Directors and the staffs. The task of management of each institution has its own peculiar aspects which call into play valuable personal qualities to supplement the technical excellence that we have learned to take for granted.

The year's record of work and the supplementary observations that we have heard in the course of our sessions furnish ample evidence that the heads of the two institutions bring to bear on their duties the understanding and tact which make all the difference between achievement and frustration.

The Executive Directors have had many a complex and delicate problem to wrestle with, and the earnestness and competence with which they have discharged their dual functions of representatives and experts is entitled to our commendation. Work of this quality could not have been accomplished without the collaboration of a competent staff. And, having come into contact with members of the staff, I can vouch for the fact that these organizations have gathered together a galaxy of technical talent and administrative skill.

We may rest satisfied that wherever else there may be fundamental disequilibrium, it is absent from these specialized agencies of international cooperation.

I take this opportunity of stating my view that the utility of institutions like these, handling delicate matters of great import, should not be judged from the records of formal proceedings alone. To my mind, their value lies as much in the informal exchange of views with representatives of members that the managements are

ever ready to encourage and facilitate for tendering advice, removing misunderstanding and preparing the ground for formal action.

I shall conclude by expressing our thanks to our Chairmen, Messieurs Petsche and Mendes-France, for guiding our deliberations with sagacity and with the love of order and clarity of mind that is so characteristic of their countrymen.

Address by the Governor for the United States[1]

John W. Snyder

Mr. Chairman, Members of the Boards of Governors, Ladies and Gentlemen, we have sought at this Fourth Annual Meeting of the Governors of the Bank and Fund to forward the objectives of our two institutions. Our deliberations become part of a record of growth and development, and it is on growth and development that the ultimate success of our Bank and Fund undertakings must depend.

Certainly we may say that as one basic gain from each of these annual conferences, our member countries and their representatives come to know each other better. That gain is an important one, for it provides us with an atmosphere of broadening understanding in which to consider the questions of Bank and Fund policy with which we are faced. Even when broader understanding sharpens the realization of differences of opinion between us, as it occasionally may do, I think that in the end the possibilities of reaching sound solutions are greatly increased.

I am sure that all of us feel indebted to the Governors for the Republic of France for the considerate and discerning competence with which they have presided over our meetings. From earlier contacts they already enjoyed our highest personal esteem, and to that has now been added our hearty respect for their talents in the responsibility of the chairmanship.

[1] Delivered at Session No. 5 (Closing Joint Session), September 16, 1949.

On behalf of the delegation representing the United States, I desire to express also our appreciation of the efficient manner in which the proceedings of the Fourth Annual Meeting were facilitated by the fine work of the Joint Secretariat and the respective staffs of the Fund and the Bank. Finally, our thanks are due to President Black of the Bank, Managing Director Gutt of the Fund, the members of the Boards of Executive Directors, and all of their subordinates for capable conduct of the day-to-day Bank and Fund affairs with which they are charged.

Meeting again with the members of the delegations from other lands of the Americas, and from across the seas, has been a happy experience for those of us who represent the United States. We have been impressed anew by your cordiality and your sincerity. It has been manifest here that in these Boards resides an earnest commitment to the true spirit of that international cooperation by which we seek uninterrupted progress toward better living for all men.

Address by the Governor for Bolivia[1]

Hector Ormachea Zalles

Mr. Chairman, in an act of solidarity which honors us all, the Latin American countries have designated Bolivia to interpret the common sentiments of that part of the world at the closing session of the Fourth Annual Conference of the International Bank for Reconstruction and Development and the International Monetary Fund.

My country truly appreciates the distinction it has been accorded at a tragic moment of its history, when it is struggling against a minority which threatens to destroy its democratic principles. This tragedy can only be understood by those who have at one time experienced the pain of seeing their own flesh and blood at war with each other.

[1] Delivered at Session No. 5 (Closing Joint Session), September 16, 1949.

It is easy as well as pleasant for Latin Americans to talk in this great democracy where freedom of thought is zealously protected, for it is understood that such is the sublime attribute that distinguishes man from beast. By means of thought, which is reasoning or emotion and not intuition, humanity reaches the superior level of honor and dignity and, to quote one of the classics of our language: "Our life and our property we render to the king; but honor is the attribute of the soul and the soul belongs only to God."

Contradiction can no doubt exist, as a logical corollary of the free flow of ideas; but such contradiction should be governed by mutual respect and tolerance, making the exchange of ideas profitable and advantageous to all.

In the spirit of universal cooperation that stirs Latin America, we feel that the resources of the twin international banking organizations should be used wherever they are most needed, bearing in mind that, because of their potential wealth and strategic location, the development of the Latin American countries of the Western Hemisphere should be considered one of the most important goals in the program for the near future.

The knowledge and understanding of our customs and economic possibilities acquired by the technical missions sent at the request of the interested parties will be an effective type of cooperation, provided that the results of their research and investigation can readily bring about a greater inversion of funds to promote the development of sources of prodigious wealth to be available to the entire world, thus, and only thus, contributing towards the establishment of sound monetary practices and international exchange.

We feel that we could become the market not of the future but of the present, if the old and cultured Europe would agree to send the surplus of its martyred population towards our hospitable lands in order to climax the projects financed by our institutions and

other similar organizations in this great country. Human and pecuniary wealth is what we need and urgently request.

In conclusion, I wish to express to the people and the Government of the United States our gratitude for their generous reception and to add that we, their brothers to the South, always feel at home when we set foot on the bountiful soil of this admirable democracy.

If I may add a further word, I want to express the sincere appreciation of the Latin American group for the tactful handling of policies by the Chairmen of the twin institutions, the President and Executive Staffs of both the International Bank for Reconstruction and Development and the International Monetary Fund.

Address by the Governor for Egypt[1]

Ahmed Zaki Bey Saad

Mr. Chairman, I would like to take this occasion of the final session of this conference to express and emphasize the vital interest which the countries of the Middle East have in the achievement of the objectives of the International Monetary Fund, especially the establishment of a multilateral system of payments.

Our countries, as is well known, are eager for further expansion and development of their economies as the only basis for raising the standards of living of their people to levels closer to those prevailing in other countries.

The best world environment for the achievement of these goals is that of expanding international trade and the flow of productive foreign investment. I therefore deplore those postwar trends which, if continued, can only lead to a drastic reduction in world trade. Any efforts towards the reduction of trade barriers and the establishment of a world price system are to be welcomed.

We are following with great interest the constant vigilance that the Fund exercises with respect to the existing pattern of exchange

[1] Delivered at Session No. 5 (Closing Joint Session), September 16, 1949.

rates and other aspects of the payments problem. We believe that the goal of general convertibility should be one of prime concern of the Fund. We have therefore welcomed the evidence given at this conference of the widespread interest in those parts in the Executive Directors' Report relating to these problems.

We would like to express our sincere hope that the Fund's efforts in these directions will continue with vigor until the objectives of our institution become a living reality. In my view, the Fund must not be deterred from its efforts because of the great inevitable difficulties involved. It must have the courage and energy to pursue these objectives without interruption. The beneficial results to the peoples of all countries from the achievement of success will more than offset the efforts which have to be made.

We are gratified, Mr. Chairman, that the Bank has given great attention this year to development loans and that greater interest is actually being taken in the Middle East countries. We welcome the assurances given by the President of the Bank that increased activities in this field are contemplated.

I conclude, Mr. Chairman, by thanking you, Mr. Petsche and Mr. Mendes-France, for the able way in which you have conducted with dignity and impartiality the proceedings of this conference. I congratulate the officers of the International Fund and the Bank for the efforts which made of this meeting a complete success.

Address by the Governor for Thailand[1]

Prince Viwat

Mr. Chairman and Gentlemen, as the most junior member of the Boards of these two world organizations, I consider it a privilege to be allowed to say a few words on behalf of the Government and the country which I have the honor to represent.

May I say, first, that my Government was gratified with the acceptance of Thailand's application for membership of the Fund

[1] Delivered at Session No. 5 (Closing Joint Session), September 16, 1949.

and the Bank. We are happy to contribute towards your effort to raise the standard of living of the peoples of the world.

Secondly, my Government notes with sincere appreciation that due emphasis has been laid, not only by the Bank but also by the Government which is our courteous host, upon development of the under-developed countries.

Living as I do in one of these countries, I have no hesitation in endorsing the idea that there are potentialities in them; and, if there are practical obstacles to their development, then there is need for prompt and vigorous action to overcome such obstacles. Thailand for her part aims at helping herself in order to be helped, and I believe I am entitled to claim that her efforts are not inconsiderable.

And now, gentlemen, as small boys should be seen rather than heard, I hasten to end this address by saying again how sincerely Thailand appreciates the opportunity to cooperate with you all.

Closing Remarks by the Chairman of the Executive Board and Managing Director of the International Monetary Fund[1]

Mr. Camille Gutt

Mr. Chairman and Members of the Boards of Governors, first, I have to thank the Governors for the generous things which they have said.

Second, I have to congratulate them on the Annual Meeting which is now drawing to a close.

The Governors have met in a most difficult period of international finance. Nevertheless, in the Fund, where most important problems of monetary and exchange policy are confronting the members, the Governors have managed in formal and informal sessions to discuss constructively these most controversial matters.

[1] Delivered at Session No. 5 (Closing Joint Session), September 16, 1949.

As the Annual Report and the discussions here have shown, the Fund has moved from the technical and somewhat theoretical realms in which it had to live during its growing years into the world of concrete monetary and exchange problems. I think that if the Fund and the Bank had done nothing else, they would justify themselves by the opportunity they have furnished for finance ministers and the central bankers of nearly all the countries of the world to exchange views and to learn from each other's experience.

Needless to say, the Executive Directors and the staff of the Fund have benefited by the decisions you have taken and the information and the views on policy that you have given us.

At these annual meetings it is to be expected that there should be a certain amount of disagreement. This has been true this time, too. Much of the disagreement, I think, has been resolved. I personally have been considerably encouraged that in the midst of so many and such large problems of money and exchange there is the very wide area of agreement which I think we have all found here.

Closing Remarks of the Chairman of the Board of Governors of the International Bank for Reconstruction and Development[1]

The Honorable Maurice Petsche

With the permission of my fellow Governors, I shall now address myself to them in French, using my own language, which has an old diplomatic tradition.

I was called to preside over the Fourth Annual Meeting of the Boards of Governors of the International Monetary Fund and the International Bank for Reconstruction and Development, and asked my friend, Mr. Mendes-France, to open the meeting in my

[1] Delivered at Session No. 5 (Closing Joint Session), September 16, 1949. The opening address, delivered by the Chairman of the Board of Governors of the Fund, is reproduced on page 3.

name. I wanted to entrust this task to one of the men who has followed the development of the Fund and the Bank from the inception at Bretton Woods, and one who has applied himself to assure its functioning in respect to the basic principles.

As I have today the honor of closing your deliberations, after I had taken part in them for the first time, I should like to tell you very simply and very sincerely the memories they have stirred in me. I am a newcomer to the monetary conferences of the postwar world, but I have taken part in some of those which were held after the first World War. I remember the hopes that we had for the political and economic institutions which centered around the League of Nations.

These hopes did not materialize. The institutions of that time suffered from too great rigidity. Instead of establishing direct contacts, and free and sincere discussions on concrete and precise subjects, they were too often the place for purely academic deliberations. Speeches were made, sometimes purely to be heard from the gallery. These discussions took place without changing anything in respect to the particular stand of the various countries, and without making any change in the strained relations resulting from the fact that opposite national interests were aligned.

We do not have the right to provoke the same deception by making the same errors. We all wish to preserve the institutions of Bretton Woods from the dangers which confront all international organizations. Since 1946 the Governors of the Fund and Bank have been looking for every means to make the discussions more effective, more open and more sincere.

Considerable progress in this direction has been achieved this year. First of all, we can congratulate ourselves on the work of the working parties which enabled us to substitute a more flexible and colorful discussion of the various parts of the reports which were thus examined in detail, instead of arriving at an over-all and a somewhat summary approval of the texts which were presented to

us. The interesting innovation of an "informal discussion" on the report of the Bank has served to make clear a certain number of interesting points on the role and on the activities of the Bank. In my opinion the informal discussion should be resumed, rounded out and enlarged. Thus various parts of the report could be discussed more fully.

We do not conceal from ourselves, however, that considerable progress has still to be achieved in this direction. Yesterday in the course of an informal talk with my colleague, the United States Governor, Mr. Snyder, Mr. Snyder made a very interesting remark. He said that it would be necessary to increase the number of working parties in order to have within them a more limited number of people who could study thoroughly problems which are more clearly defined.

Above all, the Governors must not be afraid of speaking freely, frankly, and without fear in the committees and in the working parties. And if I may also add, they should not be afraid of speaking. Some of them remain too often silent. Our annual meetings are for our Finance Ministers and the Governors of the Central Banks of the various countries and provide an opportunity for useful gatherings and for private and most fruitful talks, during which they settle many questions from man to man. Why should they not bring as Governors of the Fund and Bank the same freedom of expression to the discussion of the problems which no longer interest two or more countries, but all the nations which are represented in our institutions.

These are the ideas suggested to me by the work of this week. I should like to extend my sincere thanks to all those who have contributed to the progress of the work.

I hope you will excuse me if I first mention the name of Mr. Mendes-France, who has been the effective Chairman of this conference, and who has guided its proceedings with faith that

animated all of us ever since Bretton Woods. For five years we have known the efforts of Mr. Gutt who, in his cordial tenacity, has made of the Monetary Fund an institution which is really animated by the spirit of understanding and cooperation. I thank him, and in the name of many countries who have put their faith in the Fund, I express our gratitude to him.

Mr. McCloy, our friend, has left us to assume high duties which confirm the worth of his achievements while he was head of the International Bank. He could not have had a better successor than Mr. Black. We are sure that under his guidance the Bank will continue to be conducted with all the necessary energy and understanding. Mr. Black has already shown to us his courage by voicing certain truths which, however difficult to hear, must necessarily be heard.

In the name of my friend, Mendes-France, and in my own name, I have to thank particularly Mr. Coe and Mr. Mendels, the Secretaries of the Fund and the Bank, who were not only eager to assure the organizational functioning of our gatherings in a most perfect way, but were the most friendly advisers for the Chairmen.

Our thanks and our praise have to be extended to all the personnel of the Fund and the Bank whose work made it possible for these days to pass in perfect calm and order.

Finally, I want to thank particularly, in the name of all our colleagues, the Government of the United States and Mr. John Snyder, Secretary of the Treasury and Governor for the United States, for the cordial hospitality which we have enjoyed once again in Washington.

The representatives of France have noted, with the greatest satisfaction, the decision that the next meeting of the Fund and the Bank will take place in Paris. This is a great honor for my country which will be happy to receive your delegations and the new Chairman of the Board of Governors, the Governor for India, who

has just been elected to this high position and to whom I extend my heartiest congratulations.

And now, I close the Fourth Annual Meeting of the Boards of Governors of the International Monetary Fund and the International Bank for Reconstruction and Development.

APPENDIX F

OFFICERS OF THE BOARD OF GOVERNORS FOR YEAR 1949-1950

Chairman:	India
Vice-Chairmen:	China
	France
	United Kingdom
	United States

APPENDIX G

PROCEDURES COMMITTEE FOR YEAR 1949-1950

Chairman:	India
Vice-Chairman:	Canada
Reporting Member:	Netherlands

Members:

Brazil	Czechoslovakia	Mexico
China	Egypt	United Kingdom
Colombia	France	United States

APPENDIX H

MEMBERS OF DELEGATIONS ATTENDING THE FOURTH ANNUAL MEETING

AUSTRALIA

Governor

N. J. O. Makin

Alternate Governor

S. G. McFarlane

Advisers

E. S. Eyers

J. M. Garland

D. J. Munro

AUSTRIA

Governor

Hans Rizzi

Alternate Governor

Franz Stoeger-Marenpach

Adviser

Gustav Warmer

BELGIUM

Governor

Maurice Frere

Alternate Governor

Hubert Ansiaux

Advisers

Thomas Basyn

Jean Godeaux

Elisabeth F. J. Malaise

A. C. Paternotte de la Vaillee

Ernest de Selliers

A. H. Vanheurck

BOLIVIA

Governor

Hector Ormachea Zalles

Alternate Governor

Jaime Gutierrez-Guerra

BRAZIL

Governor

Francisco Alves dos Santos-Filho

Alternate Governor

Octavio Paranagua

Advisers

Walter Blomeyer

Octavio Bulhoes

CANADA

Governor

Douglas Charles Abbott

Advisers

J. F. Parkinson

Louis Rasminsky

CHILE

Temporary Alternate Governors

Mario Rodriguez A.

Roberto Vergara

CHINA

Alternate Governor

Te-Mou Hsi

CHINA (*Continued*)

Advisers

T. W. Chu

Y. C. Koo

K. K. Kwok

Yih Loh

Tsuyee Pei

H. J. Shen

Deson Sze

COLOMBIA

Governor

Emilio Toro

Alternate Governor

Ignacio Copete-Lizarralde

COSTA RICA

Governor

Julio Pena

Adviser

Elias Quiros

CUBA

Temporary Alternate Governor

Luis Machado

CZECHOSLOVAKIA

Governor

Leopold Chmela

Alternate Governor

Pavel Eisler

DENMARK

Governor

Carl Valdemar Bramsnaes

Temporary Alternate Governor

Jens Horn

Adviser

B. Ahlefeldt

DOMINICAN REPUBLIC

Governor

Jesus Maria Troncoso

Temporary Alternate Governor

Miguel Ricardo Roman

ECUADOR

Governor

Guillermo Perez-Chiriboga

Alternate Governor

Pedro L. Nunez

Adviser

Francisco Alexander

EGYPT

Governor

Ahmed Zaki Bey Saad

Alternate Governor

Mahmoud Saleh El Falaki

EL SALVADOR

Alternate Governor

Manuel Melendez Valle

ETHIOPIA

Governor

Jack Bennett

FINLAND

Governor

Sakari Tuomioja

Alternate Governor

Klaus Waris

Advisers

Johan Nykopp

Bruno Suviranta

Mikko Kustaa Tamminen

FRANCE

Governor

Pierre Mendes-France

Alternate Governor

Wilfrid Baumgartner

Advisers

Francois Benard

F. G. F. Bloch-Laine

P. L. Calvet

Guillaume Guindey

J. P. Koszul

Jean de Largentaye

Andre de Lattre

Bernard de Margerie

GREECE

Governor

Xenophon Zolotas

Alternate Governor

Alexander Couclelis

GUATEMALA

Governor

Manuel Noriega Morales

Alternate Governor

Carlos Leonidas Acevedo

HONDURAS

Alternate Governor

Rene Cruz

ICELAND

Alternate Governor

Thor Thors

INDIA

Governor

Sir Chintaman Deshmukh

Alternate Governor

N. Sundaresan

Advisers

J. V. Joshi

B. K. Madan

B. K. Nehru

Keith C. Roy

D. S. Savkar

IRAN

Governor

Abol Hassan Ebtehaj

Advisers

Hossein Ahari

Alexander Hovanessian

IRAQ

Governor

Abdullah Ibrahim Bakr

Alternate Governor

Abdul-Ghani Al-Dalli

IRAQ (*Continued*)

Adviser

Nathir Umari

ITALY

Governor

Giuseppe Pella

Alternate Governor

Ugo La Malfa

Advisers

Cesare Balladore-Pallieri
Gino Bolaffi
Guido Carli
Gustavo Del Vecchio
Salvatore Guidotti
Attilio Iaschi
Francesco Masera
Egidio Ortona
Diego Spinelli

LEBANON

Governor

Georges Hakim

Alternate Governor

Joseph Oughourlian

LUXEMBOURG

Governor

Pierre Dupong

Alternate Governor

Hugues Le Gallais

MEXICO

Governor

Ramon Beteta

Alternate Governor

Carlos Novoa

Adviser

Raul Martinez-Ostos

NETHERLANDS

Governor

P. Lieftinck

Alternate Governor

M. W. Holtrop

Advisers

J. W. Beyen
H. M. Hirschfeld
L. R. W. Soutendijk
H. M. H. A. van der Valk

NICARAGUA

Governor

Guillermo Sevilla-Sacasa

Alternate Governor

Rafael Angel Huezo

Adviser

Alfredo J. Sacasa

NORWAY

Governor

Gunnar Jahn

Alternate Governor

Ole Colbjornsen

Advisers

Alf Eriksen
Hallvard Hillestad
Sven Viig

PANAMA

Governor

Octavio Vallarino

Alternate Governor
Frank Morrice, Jr.

PARAGUAY
Governor
Juan Plate
Alternate Governor
German Rojas

PERU
Governor
Clemente de Althaus
Alternate Governor
Emilio G. Barreto

PHILIPPINE REPUBLIC
Governor
Miguel Cuaderno, Sr.
Alternate Governor
Emilio Abello
Advisers
Manuel J. Marquez
Leonides Virata

POLAND
Alternate Governor
Janusz Zoltowski
Advisers
Zygmunt Karpinski
Jan Woloszyn

SYRIA
Governor
Faiz El-Khouri
Alternate Governor
Husni A. Sawwaf

THAILAND
Governor
Prince Viwat
Alternate Governor
Kajit Kasemsri
Advisers
Patana Jaiyant
Chaloke Komarakul
Bua Sajisevi

TURKEY
Governor
Nurullah Esat Sumer
Alternate Governor
Bulent Yazici
Adviser
Resat Aksan

UNION OF SOUTH AFRICA
Governor
N. C. Havenga
Alternate Governor
J. E. Holloway
Advisers
J. J. van Rooyen
W. D. van-Schalkwyk

UNITED KINGDOM
Governor
Sir Stafford Cripps
Alternate Governor
Sir Ernest Rowe-Dutton
Advisers
W. Armstrong
G. L. F. Bolton

UNITED KINGDOM

(*Continued*)

Sir Sydney Caine

A. S. Gambling

Sir Roger Makins

L. K. O'Brien

J. G. Owen

D. B. Pitblado

G. H. Tansley

E. P. Wright

UNITED STATES

Governor

John W. Snyder

Temporary Alternate Governors

William McC. Martin, Jr.

Frank A. Southard, Jr.

Advisers

Hawthorne Arey

Thomas C. Blaisdell, Jr.

Edmond M. Hanrahan

Paul G. Hoffman

Thomas J. Lynch

Burnet R. Maybank

Thomas B. McCabe

J. L. Robertson

James J. Saxon

Brent Spence

Allan Sproul

M. S. Szymczak

Henry J. Tasca

Willard L. Thorp

Charles William Tobey

Jesse Paine Wolcott

URUGUAY

Governor

Fermin Silveira Zorzi

Alternate Governor

Mario La Gamma Acevedo

Advisers

Hector Oddo

Pedro Rivero

VENEZUELA

Governor

J. J. Gonzalez Gorrondona

Alternate Governor

Felix Miralles

YUGOSLAVIA

Governor

Marijan Dermastia

Alternate Governor

Ugo Zunjevic

Adviser

Mihailo Kolovic

OBSERVERS

HAITI
Jules Domond

LIBERIA
C. D. B. King
John A. Dunaway

PAKISTAN
Ghulam Mohammed
M. O. A. Baig
S. Hyder

BANK FOR INTERNATIONAL SETTLEMENTS
Roger Auboin

ECONOMIC COMMISSION FOR LATIN AMERICA
Gustavo Polit

FOOD AND AGRICULTURE ORGANIZATION
Paul Kohn

INTERIM COMMISSION OF THE INTERNATIONAL TRADE ORGANIZATION
E. Wyndham White
J. Royer

INTERNATIONAL LABOR ORGANIZATION
A. A. Evans

ORGANIZATION FOR EUROPEAN ECONOMIC COOPERATION
Guy de Carmoy

UNITED NATIONS
David Owen
Walter Chudson
Gerald Wen