

INTERNATIONAL  
MONETARY  
FUND



SUMMARY PROCEEDINGS

THIRD ANNUAL MEETING

1948

**SUMMARY PROCEEDINGS**  
**1948**

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# INTERNATIONAL MONETARY FUND

*SUMMARY PROCEEDINGS* OF  
THE THIRD ANNUAL MEETING OF  
THE BOARD OF GOVERNORS, 1948

WASHINGTON, U.S.A.

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## INTRODUCTORY NOTE

The Third 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 27 to October 1, 1948.

During the Meeting, the Board of Governors held five sessions at which they considered the Annual Report of the Executive Directors and acted upon the reports and recommendations of the several committees that had been set up to give preliminary consideration to the items on the agenda.

The Summary Proceedings, which are herewith reproduced, include (a) all statements made at the open Joint Sessions of the Boards of Governors, (b) reports and recommendations of the committees of the Fund Board of Governors, and (c) a compendium of 12 resolutions, two of which were adopted by telegraphic poll during the preceding year and the remainder at the Meeting.

To avoid confusion, reports of committees that met jointly with the committees of the Bank have been condensed to reflect subject matter pertaining to the Fund only.

MESSAGE FROM THE PRESIDENT OF THE  
UNITED STATES <sup>1</sup>

Dear Mr. Snyder:

It is a great pleasure again to welcome to Washington the Boards of Governors of the International Bank for Reconstruction and Development and the International Monetary Fund. Two years ago when the Boards of Governors met in Washington, the Fund and the Bank had completed the organizational phase of their work and were just about to start active operations.

In this period of time, the Fund and the Bank have made notable progress toward attaining their objectives, although they have operated under conditions which were not entirely favorable to their realization. This makes their achievements even greater, and much remains to be done. Conditions of world finance are still far from the norm envisioned at the Bretton Woods Conference. It was true then, as it is now, that conditions of economic stability and prosperity throughout the world depend upon the cooperative effort of all nations.

We look forward to an increasingly important role for the Fund and the Bank in the coming years. I trust that the present meetings of the Governors will give renewed impetus to economic cooperation in the financial sphere.

Please extend to the members of the Boards of Governors my personal good wishes for the success of these meetings.

Sincerely yours,  
(s) Harry S. Truman

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<sup>1</sup> Read by the Governor for the United States, Mr. John W. Snyder, at the Opening Joint Session, September 27, 1948.

## ADDRESS BY THE HONORABLE YUN-WU WANG <sup>2</sup>

CHAIRMAN OF THE BOARDS OF GOVERNORS OF THE INTERNATIONAL  
MONETARY FUND AND THE INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

Gentlemen, as Chairman of the Boards of Governors of the International Monetary Fund and the International Bank for Reconstruction and Development, I welcome the representatives of our member countries to the Third Annual Meeting. I am sure that I may speak for all in expressing our appreciation to the United States in offering facilities for meeting here. Many of us have come from very distant countries to participate in these meetings. All of us have left urgent and pressing problems at home, but we are present here because we recognize that in these meetings we are offered the opportunity to promote the interests of our own countries in a way which cannot be done working by ourselves.

As we meet today economic and financial difficulties beset many nations. It is a melancholy reflection that one does not speak of peace and that the blessings of peace are, indeed, still denied to the world.

Noteworthy progress, nevertheless, has been made during the past year in bringing order out of chaos and getting the world back to work. In many war-shaken economies, production has attained or exceeded the prewar volume. The arteries of transportation have been joined together again. The flow of goods has gained increasingly in speed and volume. Budgets generally are moving toward better balance, and policies toward more realistic exchange rates are gradually being adopted. The progress, however, has been too slow and on too small a scale to repair the damage of the war and to meet the needs of the present emergency. Many budgets continue to be strained and

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<sup>2</sup> Delivered at the Opening Joint Session, September 27, 1948. Other statements made at the open Joint Sessions are attached as Appendix A.

balance of payments deficits continue to make heavy inroads on dollar resources already dangerously reduced.

Our primary concern must be the actions which the Fund and the Bank can take towards overcoming the many economic and financial difficulties of all our member countries. However, before turning our attention to these immediate interests, I should like to express some views on matters of deep and grave concern to the countries in that region of the world from which I come—the Far East and Asia.

China is still in the throes of grave political and economic difficulties, and great efforts are still needed to reach a reasonable degree of stability and prosperity. We in China feel that our own unfortunate experiences may give us a keener and more profound realization of many world problems than we would otherwise have. We can appreciate both the aspirations and the difficulties of countries suffering from the destruction of war and enemy occupation. We can also sympathize with the countries which feel that they have not in the past received an adequate share of the world's material goods and which are determined that their people shall in the future enjoy higher standards of living.

Our experience enables us to understand how political difficulties hamper and, at times, make impossible the adoption of reasonable and desirable economic measures; how considerations of national security frequently must override urgent economic goals. We understand the desires of those who urge us to do more and still more towards achieving economic and social stability, but we cannot escape the reality of actual conditions.

The aid which the United States has thus far extended for world reconstruction is truly generous and magnificent. Were it not for the billions of dollars which the American people have spent in helping in the reconstruction of war-torn countries, the progress already made would have been impossible. Were it not for the aid extended by the United States, many of us would

now be measuring the rate of deterioration of our economies, instead of measuring, as we may do now, the rate of recovery.

The profound understanding and sympathy of the American people for the needs of other countries were truly reflected when, at a critical juncture in world history, after already having spent huge sums on world reconstruction, a new and equally generous program of foreign aid was conceived and proposed by the United States itself. Were it not for the ERP and the promise it holds out for the future, as well as the aid already given, instead of our coming together here to cooperate in achieving a more prosperous and stable world economy, the various countries of the world would have probably been engaged in desperate efforts to prevent utter ruin. It is the existence of the ERP program which provides us with the basis for confidence in the future.

Other countries also have made contributions, at no small sacrifice to themselves. For example, the Canadian people, seemingly not to be outdone by their Southern neighbors, have, on a population basis, given aid in the same magnitudes as the United States.

Western Europe, as is well known, has been the principal recipient of this aid from the United States and Canada. The guiding philosophy has been that world stability and prosperity cannot be obtained without stability in that area. Moreover, after achieving reconstruction there, the desired economic goals can be achieved more quickly and permanently in other areas.

The recent actions of the United States guarantee that Western European reconstruction will go forward and it is now well-nigh certain that recovery there will be achieved. More exertion will be required by the countries involved to meet their problems. Important changes in their present domestic programs and in the character of their foreign trade may well be necessary to achieve the monetary stability and international equilibrium which is desired. But most important is the simple fact that

Europe's shortage of means of payment, particularly in the so-called hard currencies, has been greatly reduced. It is essential that every effort be made to hasten European reconstruction and place it on a sound and enduring foundation.

However, in the existing preoccupation with European problems there is the danger that the fundamental truth will be overlooked, that economic well-being in the world as a whole depends upon completing the reconstruction of other areas of the world and upon making further progress in the development of less industrialized economies.

The reconstruction of the war-devastated areas of the Far East is still largely a task for the future. Our areas were poor to start with. We had little to lose that we could afford to lose, and yet we lost a great deal. We still have the resources and the manpower eager to rebuild our economies. But in justice to the peoples of these countries we must point out that more external assistance is required if reconstruction and development are not to be dangerously delayed.

Similarly, much remains to be done for the further industrialization of the less developed economies in Latin America, the Middle East and elsewhere. Most of these countries have been fortunate in escaping the devastation of war. They have, however, not been able to escape the difficulties of inflation which were fundamentally caused by war-created conditions. For them, the war also meant a slowing down, if not a halting, of their development programs. Their eagerness to push ahead along these lines as quickly as possible is understandable. Because these areas are relatively underdeveloped, the pace at which they can industrialize their economies depends in part upon external assistance.

In supporting programs for the further industrialization of the less developed areas of Asia, the Middle East, Latin America and other regions, and for the quickest possible reconstruction of Europe, we are advocating measures essential to building the

kind of world economy envisaged in the establishment of the Bank and the Fund. The Bank was to help provide the needed funds both for reconstruction and development. And it cannot be overemphasized that for many war-devastated countries development and reconstruction are closely, and at times inseparably, related. The Fund was to help establish an environment of stable exchange rates and orderly and fair exchange practices. Their combined efforts were to help make possible a steady expansion of world trade and flow of capital and the establishment of a stable world economy. These are also the aims of the ERP and other similar programs. Thus, the activities of the Fund and Bank become part of a much larger program having common problems and common objectives.

If these common problems are overcome and the common objectives achieved, the present burden on the United States will be reduced. At the same time higher standards of living and, what is perhaps more important, a greater sense of security and well-being will be enjoyed by Europe, Asia, Latin America and elsewhere.

The Fund and the Bank have already made a positive and significant contribution to world reconstruction and stability. The sums which have been made available by the Fund and the Bank to member countries are not great as compared with other assistance, particularly that granted by the United States, but the assistance of these institutions came to the recipient countries at times when their loss of gold and dollar reserves had become so great as to endanger their reconstruction programs, and when aid from other quarters was being delayed for unavoidable reasons.

Although it is not spectacular, I believe that an important service rendered by our two institutions has been the formulation and dissemination of agreed principles and standards to govern the conduct and execution of the economic and financial policies of member countries. Dependent upon each other as all countries

are, it clearly profits us to coordinate our thinking, to discuss and exchange ideas. Our gathering together at annual meetings and the continuing close contacts throughout the year between the member countries and the Executive Directors and their staffs, to whom, and to the Managing Director of the Fund and the President of the Bank, I wish to pay tribute for their most valuable service, can be a profound influence towards these ends. I need only recall the difficulties during the inter-war period of establishing techniques for international consultation and action in the financial field to emphasize the advantages of what we now have.

The scope of operations of the Fund and of the Bank may be expected to broaden and they should play an increasing part in removing the economic and financial ills which now plague so large a part of the world. Above all, closer awareness of each other which we have in the smaller world in which we live today requires of all a greater understanding and a more whole-hearted desire for cooperation.

The Fund and the Bank have been designed as permanent international institutions and even in this early stage of their history they must, therefore, take account not only of the pressing immediate problems of international finance, but also of the longer term objectives of the two institutions.

If I may, I should like to conclude by suggesting as a guide for the work of this conference an ancient Chinese proverb, "If a man take no thought for what is distant, he will find sorrow at hand."



## PRESENTATION OF THIRD ANNUAL REPORT<sup>3</sup>

By Mr. Camille Gutt

CHAIRMAN OF THE EXECUTIVE BOARD OF THE INTERNATIONAL  
MONETARY FUND

Mr. Chairman and Gentlemen, the Annual Report of the Executive Directors of the International Monetary Fund, which is now before you, gives the views of the Executive Board on the international payments problems which confront nearly all countries.

If there was any widespread feeling of optimism that postwar economic problems could be solved without great and new sacrifices, the experience of the past few years should be enough to dissipate it. Our danger today is rather that countries will fall into a fateful pessimism. There is no reason for assuming that, because these problems are difficult, they cannot be solved. In fact, as the report points out, very considerable progress has been made in building up production. The investment that is now going on in all parts of the world offers promise that the expansion of production will continue. We have good reason to expect that the time will come when countries will be able to provide for their needs with their own output. We have good reason to hope that the time will come when international payments can be balanced in a satisfactory manner by exports and international investment, without further reducing already depleted monetary reserves or depending on continued grants. All this will take time, of course, but it can be done.

The basic job of placing each country in a position to restore its international payments is one for which the government of each country has the primary responsibility. That government alone can take the measures to expand its output and to place production on an efficient basis. That government alone can put its domestic finances in order, and thus prevent a chronic

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<sup>3</sup> Address delivered at Session No. 2, September 28, 1948.

dependence on excessive imports or a chronic difficulty in supplying adequate exports. This is the job that each government can and must do for itself. No one else can do it. I know from discussions with our members that they realize this.

There is another side to the problem. International payments are an international responsibility. If the whole world economy is disordered, it will be impossible for some countries to restore their payments in a way that will assure them a tolerable level of imports. This international responsibility, in which all countries share, has been generally recognized. It has been recognized in a concrete way by the aid that the Western Hemisphere countries have given to other regions of the world. It has been recognized by the aid that the European countries have given to each other and to some countries overseas. In truth, there are few countries which have not, directly or indirectly, put at the disposal of those with whom they trade, at one time or another, the facilities within their capacity, however modest. This has made it possible to continue essential trade while steps are being taken to restore a balanced world economy.

Inevitably, because the need for aid has required the provision of very large resources, this is the phase of international cooperation which has hitherto been, and for some years will continue to be, the most important. But we must not forget that there is another form of international responsibility which has been recognized through the institutions that have been set up to deal with the problems of a world economy. The International Monetary Fund is one of these institutions. It is particularly concerned with the problem of international payments, monetary reserves, and exchange policy. It has been established as a permanent institution, because these are continuing international problems that will require continued cooperation.

In carrying out its international responsibility, the Fund can succeed only to the extent that its members genuinely believe in international cooperation and agree, without reservation, to

submit their exchange problems to international jurisdiction. Each country has to realize how intimately its well-being is related to the successful operation of the Fund. The more this concept becomes part of the basic policy of every member government, the more effective an institution the Fund will be.

This is the fact which you, Gentlemen—the financial leaders of your countries—must stress to your governments and to your peoples. They must be aware at all times of the absolute necessity for a coordinated international effort to surmount our economic difficulties. Separately, indifferent to the effect of their foreign exchange policies on each other, their prospects would appear to be very poor indeed. Only together may they hope to make rapid progress in measuring the forces arrayed against them and overcoming them.

The experience of the past few years has shown that the Fund is not subject to the will of any one country. It is a genuinely international institution. It has no other purpose than to work with and through its members in establishing a world economy in which all countries can have a chance to place their international payments in order. The achievement of this purpose depends largely upon the willingness of our members to work wholeheartedly with each other through the Fund. I emphasize this necessity because I believe the time has come when international cooperation should be a more active concept; because I believe that the Fund can better help its members if the work of the Fund brings them into more continuous and even closer relationship with each other, and with the Fund, in dealing with their exchange and payments problems.

The various measures that have been taken in the past year to meet the critical payments situation, particularly the inauguration of the European Recovery Program, will give our members an opportunity to work out their problems without the serious handicap that would be imposed upon them by a sharp reduction of essential imports of food, raw materials and equipment. These

measures do not obviate the need for the nations to work together. They intensify it. The problems our members will face on international payments, on monetary reserves, and on exchange policies will become increasingly important. The best way to meet these problems is through self-help and mutual aid, by intensification of the collaboration of all countries through the Fund and through the other international institutions.

I should like to take this opportunity to comment on two misconceptions which have to some extent found their way into public opinion. A number of criticisms have been directed against the Fund. The happy side of this situation is that, in general, they contradict each other.

It has been said in some quarters that the policy of the Fund is unrealistic, that it tries to impose rigid par values not in keeping with the actual position of the countries concerned. In other quarters, on the contrary, the view is expressed that the Fund has been remiss in its duty because it has sponsored exchange practices contrary to its avowed aim of exchange stability. To the first criticism, there is ample reply in the Fund's Annual Report. I would refer particularly to the beginning of the second part devoted to an examination of the concept of exchange stability versus exchange rigidity. Therefore, I shall not elaborate upon it. But I should like to answer the second one.

I have stressed that there has to be full cooperation between the members and the Fund. And I must also stress that full cooperation means cooperation that runs in both directions. When a member seeks the advice of the Fund, the Fund cannot limit itself to giving this advice on a "take it or leave it" basis, irrespective of consequences or reactions. It may well happen that the member country concerned may find it impossible to follow the Fund's advice. Ought the Fund at that juncture adopt an attitude of aloofness and condemn any solution other than the one it has advocated? We have never thought so. We have always been ready to examine the considerations put for-

ward by the member, since we have always been eager to take into account the realities and the practicalities of the situation. And sometimes, recognizing these practical considerations, we have not objected, in the end, to solutions which did not constitute the immediate application of the policy we had recommended.

Did this mean that we were acting illogically? That we were sponsoring a system in contradiction with the very principle which we were set up to promote? Not in the least. It meant, first, that the road to exchange stability is sometimes a long and hard one; second, that, without losing sight of the ultimate goal to be reached, we realize that in given cases it is materially or psychologically possible to reach it by successive stages only. Thirdly, it meant that, when what we thought to be the best plan had been rejected as impossible of immediate accomplishment, we preferred to have a country choose a second best scheme rather than do nothing and thus worsen its predicament.

This is, I think, a realistic attitude, in keeping with our duty both to our members and to the spirit of the Fund Agreement. People seem often to forget that, even at the Bretton Woods Conference in 1944, it was evident that provision would have to be made for a postwar transitional period during which certain leeway in applying the Fund's principles should be allowed. Hence, Article XIV of the Fund Agreement, which permits members to apply temporarily certain measures of exchange restriction. Of course, in their foreign exchange policy, these members must have continuous regard to the purposes of the Fund; but they can use the leeway thus given them in this very difficult time.

Our members are assured that in their dealings with the Fund they can expect a practical approach to their problems. They know that no attempt will be made to fit them into a standardized mold, unsuited to their economies. They realize that the way of the Fund in dealing with a member is to look at the member's situation from the member's point of view, and to pro-

vide such advice and such assistance of a practical kind as will enable it to work out its own problems. The essential duty of the Fund is to see that the measures taken by a member, first, are suitable to its problems, and, second, that they will not inflict damage on the economy of other countries.

Another general misconception with which I should like to deal relates to the usefulness of the Fund. There, too, opinions are varied and contradictory, according to people and to countries. Some argue that the Fund was not intended to function in a period of profound disequilibria such as the one in which we are living. For some others the Fund, although equipped with the necessary powers, has seemed too cumbersome to be efficient.

Again, I think such conceptions are belied by reality. As to the period in which we are living, to my mind it has in some respects exceeded, in some other respects disappointed, the hopes which were entertained at the time of the Bretton Woods Conference. It has certainly exceeded them from the material point of view. I think that, had we been told at Bretton Woods that four years after the cessation of hostilities, despite the immense and incredibly thorough destruction of wealth and human lives which had taken place throughout the world during the five preceding years, the world's material recovery would have reached the stage described in the first part of the Fund's third annual report, we should hardly have believed it. In other fields events have not measured up to our expectations. The completion of recovery is being delayed by a number of political difficulties, some internal, most of them international, which have manifested themselves since the end of the war, which still remain unsolved, and which weigh heavily upon us.

Are these reasons why the Fund should do nothing? As long as two years ago, in the letter transmitting to you the Fund's first annual report, I said "No"—that the Fund must move, even in

difficult times. Since then, the Fund has continuously been acting in its dual capacity of monetary advisor and financial aide. It has been in close touch with most of its members, either through its Executive Directors, or through its staff or its Managing Director. It has studied their problems and has provided technical assistance when asked. It has sold over \$633 million of foreign exchange. It has adjusted its policy to changing circumstances and new facts, amongst which the European Recovery Program stands as a major factor.

In the light of what the Fund has done, I do not think it fair to say that it has proved a cumbersome machine. It has been aware of the problems of its members. In many instances it has called the attention of members to the necessity of meeting these problems. It has given prompt consideration, and thorough consideration, to the exchange policy proposals of its members. On all exchange transactions, it has acted with dispatch. No normal request for exchange has had to wait more than the three working days provided for by our regulations. When some exceptional case arose, the discussions took place at once and were pursued until we came to a conclusion.

There are always, of course, some people who feel that, because the present critical situation in international payments could not be avoided, the Fund, as well as other international institutions, has failed in its task. By such an illogical test everything, everywhere, would stand condemned today. The Fund could not prevent some difficult problems from arising. The Fund alone could not solve them. But this is far from saying that the Fund, and other international institutions, have been unequal to their task. The Fund, although it can not itself meet the entire payments problem, has a job to do. I believe that considering the limitations purposely set by the Charter of the Fund to its activities, considering the difficult circumstances in which this activity was started, the Fund has done this job and done it efficiently.

People often recall the famed words of William III of Orange:

“Hope is not necessary to undertake, nor success to persevere.” I would not apply those words to the Fund. We undertook our task because we earnestly hoped to fulfill it. And we shall persevere because, all things considered, without either undue pride or false modesty, we think that we have thus far succeeded.



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## COMMITTEE REPORTS

### Procedures Committee

Chairman: China  
Vice-Chairman: France  
Reporting Member: Colombia

Members: Australia, Denmark, India, Italy, Peru, Poland, Turkey,  
United Kingdom, United States

### *Report No. 1*

Mr. Chairman:

The Procedures Committee, at its first meeting <sup>4</sup> at 10:00 a. m. on September 27, 1948, considered the matters of business which had been proposed for the Third Annual Meeting of the Boards of Governors of the Fund and the Bank.

I have the honor to submit the following recommendations of the Committee:

#### I. BUSINESS OF THE BOARD OF GOVERNORS OF THE FUND

##### A. *Agenda*

The Committee recommends:

1. Adoption of the agenda attached hereto as Annex I.
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.

##### B. *Committees*

The Committee recommends:

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

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<sup>4</sup> The Procedures Committee held two meetings, both jointly with the Bank.

Committee on Membership (Joint with the Bank)

Committee on Finance

Committee on Rules and Regulations

2. Composition of these Committees as shown on Annex II.

3. References to the Committees as shown on Annex III, for consideration and report to the Board of Governors of the Fund.

### *C. Second Regular Election of Executive Directors*

The Committee considered the Report of the Executive Directors,<sup>5</sup> dated September 3, 1948, regarding the Second Regular Election of Executive Directors and recommends the adoption of the draft Resolution on the Second Regular Election of Executive Directors attached as Annex IV.

### *D. Items for Information*

The Committee considered the following Documents<sup>6</sup> presented by the Executive Directors of the Fund:

1. Report on Proposed Convention on the Privileges and Immunities of the Specialized Agencies.

2. Report concerning the establishment of an International Trade Organization.

3. Supplementary Report of the Executive Board on Relations with the International Trade Organization.

The Committee recommends that the Board of Governors note these Documents as being for their information only.

## III. PROCEDURAL MATTERS OF JOINT CONCERN TO THE FUND AND BANK<sup>7</sup>

### *A. Order of Business*

The Committee recommends:

<sup>5</sup> The Report, together with the Rules for the Conduct of the Election, is attached as Appendix B.

<sup>6</sup> See Appendices C and D.

<sup>7</sup> Section II relates to the Business of the Bank only and, therefore, has not been included in the Summary Proceedings of the Fund.

1. Adoption of the order of business as tentatively scheduled on Annex IX.

2. That the Secretaries of the Fund and Bank, in consultation with the Chairman, 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 X.

*C. Procedural Items*

The following procedural items will be dealt with in a later report <sup>8</sup> of this Committee to the Board of Governors:

1. Site and Date of Fourth Annual Meeting.
2. Election of Officers and Composition of Joint Procedures Committee for 1948-1949.

In the name of the Committee I have the honor to move the approval of this Report and the adoption of its recommendations.

Approved:

(s)  
Y. W. WANG  
(China)  
Chairman

(s)  
EMILIO TORO  
(Colombia)  
Reporting Member

*The Report was approved and its recommendations adopted by the Board of Governors at Session No. 1 (Joint), September 27, 1948.*

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<sup>8</sup> Report No. 2.

## ANNEX I

### AGENDA

1. Third Annual Report of the Executive Directors.
2. Financial Statements and Report on Audit.
3. Administrative Budget for the Fiscal Year ending April 30, 1949.
4. Application of the Kingdom of Siam for Membership in the Fund.
5. Reduction in the Quota of Honduras.
6. Changes in Rules and Regulations.
7. Proposed Amendment to Section 14 (f) of the By-Laws.
8. Second Regular Election of Executive Directors.
9. Site and Date of Fourth Annual Meeting.
10. Election of Officers and Procedures Committee for 1948-1949.

#### *Items for Information*

11. Report on proposed Convention on Privileges and Immunities of the Specialized Agencies.
12. Report concerning the establishment of an International Trade Organization and Supplementary Report on Relations with the I. T. O.

## ANNEX II

### COMPOSITION OF COMMITTEES OF BOARD OF GOVERNORS

#### *Committee on Membership* (Joint with Bank)

Chairman: Egypt  
Vice-Chairman: Costa Rica  
Reporting Member: Luxembourg

Austria	Honduras	Philippine Republic
China	India	United Kingdom
El Salvador	Iran	United States
Finland	Norway	Venezuela
France	Panama	

#### *Committee on Finance*

Chairman: Netherlands  
Vice-Chairman: Bolivia  
Reporting Member: Syria

Chile	Greece	Union of South Africa
China	Guatemala	United Kingdom
Dominican Republic	India	United States
Ecuador	Iraq	Yugoslavia
France	Paraguay	

#### *Committee on Rules and Regulations*

Chairman: Belgium  
Vice-Chairman: Brazil  
Reporting Member: Iceland

Canada	France	United Kingdom
China	India	United States
Cuba	Lebanon	Uruguay
Czechoslovakia	Mexico	
Ethiopia	Nicaragua	

### ANNEX III

#### TERMS OF REFERENCE OF COMMITTEES OF BOARD OF GOVERNORS

##### *Committee on Membership* (Joint with Bank)

###### Consideration of:

- (a) Application of the Kingdom of Siam for membership in the Fund.
- (b) Report of the Executive Directors with respect to a request by the Government of Honduras for a reduction of its quota.

##### *Committee on Finance*

###### Consideration of:

- (a) Financial Statements and Report on Audit.
- (b) Administrative Budget for the Fiscal Year ending April 30, 1949.

##### *Committee on Rules and Regulations*

###### Consideration of:

- (a) Changes in Rules and Regulations adopted by the Executive Directors during the year.
- (b) Report of the Executive Directors on proposed amendment to Section 14 (f) of the By-Laws.

## ANNEX IV

### DRAFT RESOLUTION ON SECOND REGULAR ELECTION OF EXECUTIVE DIRECTORS OF THE FUND<sup>9</sup>

#### RESOLVED:

(a) That the Report of the Executive Directors of the Fund, dated September 3, 1948, regarding the Second Regular Election of Executive Directors, is hereby approved;

(b) That the Proposed Rules for the Conduct of the Second Regular Election of Executive Directors, attached to said Report of the Executive Directors, are hereby adopted as the rules for the conduct of said election;

(c) That Resolution No. 10 adopted by the Board of Governors at its Inaugural Meeting in March 1946 is hereby repealed; and

(d) That the Third Regular Election of the Executive Directors shall take place at the annual meeting of the Board of Governors in 1950.

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<sup>9</sup> Resolution No. 3. The Election was held at Board of Governors Session No. 4, September 30, 1948; for results, *see* Appendix B.



ANNEX IX<sup>10</sup>  
ORDER OF BUSINESS<sup>11</sup>

*MONDAY, September 27, 1948*

3:00 p. m.—Joint Session of Boards of Governors  
Address by Chairman  
Responses  
First Report of the Joint Procedures Committee

*TUESDAY, September 28, 1948*

10:00 a. m.—Fund Board of Governors  
Presentation of Third Annual Report  
11:00 a. m.—Fund Committee on Finance  
12:00 noon—Fund Committee on Rules and Regulations  
3:00 p. m.—Joint Committee on Membership  
3:30 p. m.—Fund Board of Governors  
Discussion on Third Annual Report

*WEDNESDAY, September 29, 1948*

10:00 a. m.—Bank Board of Governors  
Presentation of Third Annual Report  
11:00 a. m.—Bank Committee on Finance  
12:00 noon—Bank Committee on Rules and Regulations  
3:30 p. m.—Bank Board of Governors  
Discussion on Third Annual Report

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<sup>10</sup> Annexes V to VIII related to Section II of the Report: "Business of the Board of Governors of the Bank," and, therefore, have been omitted.

<sup>11</sup> Meetings were held as scheduled in the above Order of Business.

*THURSDAY, September 30, 1948*

- 10:00 a. m.—Fund Board of Governors  
Committee Reports  
Election of Executive Directors
- 3:00 p. m.—Bank Board of Governors  
Committee Reports  
Election of Executive Directors

*FRIDAY, October 1, 1948*

- 10:00 a. m.—Joint Procedures Committee  
Site and Date of Fourth Annual Meeting  
Election of Officers and Composition of Joint  
Procedures Committee for 1948-1949
- 3:00 p. m.—Joint Session of Boards of Governors  
Report of Joint Procedures Committee  
Closing Remarks

ANNEX X

PROVISIONS RELATING TO THE CONDUCT  
OF THE MEETING

*Attendance*

(a) The opening and closing joint sessions of the Boards of Governors of the Fund and the Bank and the sessions at which the Annual Reports of the Fund and the Bank are presented shall be open to the press and the public; all other sessions of the Boards of Governors of the Fund and Bank and all meetings of their committees shall be closed to the press and public.

(b) All joint sessions of the Boards of Governors of the Fund and Bank and all sessions of either Board of Governors shall be open to accredited observers; all meetings of the committees of the Boards of Governors of the Fund and Bank shall be closed to such observers.

(c) Any meeting of the committees of the Boards of Governors of the Fund or the Bank, 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.

(d) All sessions of the Boards of Governors and all meetings of committees shall be open to such members of the joint secretariat and the technical staffs of the Fund and Bank as may be necessary to the orderly conduct of business.

*Public Information*

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

## *Records*

(a) The Secretaries of the Fund and the Bank are authorized to have prepared a verbatim transcript of the proceedings of all sessions of the Boards of Governors of the Fund and Bank.

(b) The Secretaries of the Fund and Bank 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.

## *Report No. 2*

Mr. Chairman:

I have the honor to submit for approval the Report of the Joint Procedures Committee on its second meeting held at 10:00 a. m., Friday, October 1, 1948.

### **I. SITE AND DATE OF FOURTH ANNUAL MEETING**

The Committee took up the question of the site of the Fourth Annual Meeting. The Governor for France repeated the invitation which he had extended at the Second Annual Meeting to hold the meeting in Paris.

The Committee discussed the advantages and disadvantages of holding the annual meetings away from the site of the Fund and Bank. It was agreed that there appeared to be greater advantage in holding the next annual meeting in Washington; but that meetings outside Washington should be held from time to time. The Committee further agreed that, in the light of the invitation from France, a recommendation should be made that the Boards of Governors at their next meeting consider Paris as the site for the meeting in 1950.

There was agreement that the next annual meeting should be held during September 1949. It was urged that the time

should be scheduled so as not to conflict with other international meetings.

It is recommended that the resolution attached as Annex I be adopted.

## II. NOMINATIONS OF OFFICERS FOR ENSUING YEAR

On the proposal of the Chairman, the Committee unanimously agreed to recommend to the Boards of Governors that the Governor for France be elected Chairman for the ensuing year and the Governors for China, India, United Kingdom and United States be elected Vice-Chairmen. Accordingly, the Committee recommends to the Boards of Governors the adoption of the draft resolution attached as Annex II.

## III. COMPOSITION OF JOINT PROCEDURES COMMITTEE FOR ENSUING YEAR

The Committee then considered the composition of the Procedures Committee of the Fund and Bank for the ensuing year and recommends to the Boards of Governors the adoption of the draft resolution attached as Annex III.

## IV. FUND RESOLUTION ON THE DEATH OF HARRY D. WHITE

The Committee then considered the resolution on the death of Harry D. White which the Governor for Guatemala had transmitted on behalf of the Governors for the Latin American members and the Republic of the Philippines. The Committee recommends the adoption of the resolution attached as Annex IV. In this connection, the Governor for Colombia presented a statement on behalf of the same Governors for inclusion on the Committee's records.

## V. PROCEDURE FOR FUTURE MEETINGS

The Governor for the United States urged that, for future meetings of the Boards of Governors, 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 and Bank. He believed that such an open exchange of views on important issues at each meeting would contribute to the strength and growth of the two institutions. His suggestion was supported by other Governors for recommendation to future Procedures Committees.

The Committee recommends approval of this Report and the adoption of the attached resolutions.

Approved:

(s)  
Yun-wu Wang  
(China)  
Chairman

(s)  
EMILIO TORO  
(Colombia)  
Reporting Member

*The Report was approved and the Resolutions adopted by the Board of Governors at Session No. 5 (Joint), October 1, 1948.*

## ANNEX I

### DRAFT RESOLUTION ON SITE AND DATE OF FOURTH ANNUAL MEETING <sup>12</sup>

#### RESOLVED:

That the future meetings of the Fund should be held in Washington and that the Chairman shall convene the Fourth Annual Meeting of the Board of Governors of the International Monetary Fund in Washington, D. C., in the month of September 1949, but that meetings outside Washington should be held from time to time, and it is recommended that the Board of Governors should consider the first such meeting outside Washington taking place in Paris in 1950.

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<sup>12</sup> Resolution No. 10.

## ANNEX II

### DRAFT RESOLUTION ON OFFICERS OF BOARD OF GOVERNORS <sup>13</sup>

#### RESOLVED:

That the Governor of France is hereby elected Chairman, and the Governors of China, India, 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.

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<sup>13</sup> Resolution No. 11.



ANNEX III

DRAFT RESOLUTION ON COMPOSITION OF  
PROCEDURES COMMITTEE <sup>14</sup>

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 of the following members:

China, Ethiopia, France, Iceland, India, Luxembourg, Union of South Africa, United Kingdom, United States, Uruguay, Venezuela and Yugoslavia.

The Chairman, Vice-Chairman and Reporting Member shall be the Governors of France, India and the Union of South Africa, respectively.

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<sup>14</sup> Resolution No. 12.

ANNEX IV  
DRAFT RESOLUTION ON THE DEATH OF  
HARRY D. WHITE <sup>15</sup>

WHEREAS, the late Harry D. White was one of the leading framers of the structure as well as the Articles of Agreement of the International Monetary Fund and the International Bank for Reconstruction and Development;

WHEREAS, he devoted the greater part of his last years to building up those institutions and served as Executive Director of the International Monetary Fund in its initial year of functioning;

WHEREAS, the same Harry D. White passed away in the latter part of the month of August last, and the Governors of the International Monetary Fund want to honor his memory and his contribution to the building of these institutions;

THEREBY, in recognition of these premises, the Governors for the International Monetary Fund hereby RESOLVE:

To record in the proceedings of this meeting the profound sorrow of the Board of Governors because of the death of Harry D. White.

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<sup>15</sup> Resolution No. 9.

## Committee on Membership

Chairman: Egypt  
Vice-Chairman: Costa Rica  
Reporting Member: Luxembourg

Members: Austria, China, El Salvador, Finland, France, Honduras, India, Iran, Norway, Panama, Philippine Republic, United Kingdom, United States, Venezuela

Mr. Chairman:

The Committee met at 3:00 p. m. on September 28, 1948,<sup>16</sup> under the Chairmanship of Mr. Saad, the Governor for Egypt, and considered the reports of the Executive Board with respect to the application of the Government of the Kingdom of Siam for membership in the Fund and with respect to a reduction in the quota of Honduras.

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

The Committee also recommends that the Board of Governors adopt the draft resolution attached hereto as Annex II concerning an adjustment in the quota of Honduras.

Approved:

(s)	(s)
A. Z. SAAD	HUGUES LE GALLAIS
(Egypt)	(Luxembourg)
Chairman	Reporting Member

*The Report was approved and the Resolutions adopted by the Board of Governors at Session No. 4, September 30, 1948.*

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<sup>16</sup> The meeting was held jointly with the Bank.

## ANNEX I

### DRAFT RESOLUTION RELATING TO THE TERMS AND CONDITIONS ON WHICH SIAM SHALL BE ADMITTED TO MEMBERSHIP IN THE FUND <sup>17</sup>

WHEREAS, the Government of the Kingdom of Siam 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 after consultation with representatives of that Government has made recommendations to the Board of Governors with regard to the quota to be subscribed by the Government of the Kingdom of Siam and other 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 Kingdom of Siam 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 Siam shall be \$12,500,000;
- (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 Siam;
- (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 Siam;
- (4) That within thirty days after the Fund so requests, Siam shall communicate to the Fund the par value of its currency based on the rates of exchange prevailing on the date Siam becomes a member of the Fund, and within sixty days follow-

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<sup>17</sup> Resolution No. 4.

ing the Fund's receipt of the communicated par value Siam 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 Siam 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 Siam 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 Siam shall become a member of the Fund subject to the terms and conditions set forth in this resolution as from the date when Siam has complied with both of the following requirements:

a. Siam 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. Siam 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 Siam 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 Siam 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.

## ANNEX II

### DRAFT RESOLUTION ON THE PROPOSED REDUCTION IN QUOTA OF HONDURAS <sup>18</sup>

#### RESOLVED:

That the quota of Honduras shall be changed to \$500,000, provided that Honduras consents to the change by a written notice which is in a form satisfactory to the Fund and is received by the Fund within ninety days from the date of adoption of this resolution. Such change shall become effective on the date the Fund receives such notice but not sooner than the date of this resolution.

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<sup>18</sup> Resolution No. 5.

## **Committee on Finance**

Chairman: Netherlands

Vice-Chairman: Bolivia

Reporting Member: Syria

Members: Chile, China, Dominican Republic, Ecuador, France, Greece, Guatemala, India, Iraq, Paraguay, Union of South Africa, United Kingdom, United States, Yugoslavia

Mr. Chairman:

I have the honor to report the recommendations of the Committee on Finance on the agenda assigned to it.

The Committee held its first meeting at 11:00 a. m. on Tuesday, September 28, 1948,<sup>19</sup> and considered the Report on Audit for the fiscal year ended April 30, 1948, with the Financial Statements contained therein, and the Administrative Budget for the fiscal year ending April 30, 1949.

With regard to the Report on Audit, the Committee noted that, in connection with the Auditors' suggestions that the present method of showing the Fund's gold holdings should be changed, the Executive Directors had concluded that the Fund's present method, which is in conformity with the practice of leading Central Banks, and which is acknowledged by the Auditors to make full disclosure of the true position, would be continued.

It was noted with satisfaction that there had been an increment to net capital during the period under review.

The Governor for South Africa drew attention to the expenditure for compensation for national income taxation and inquired if representations had been made to obtain exemption from such taxation.<sup>20</sup> The Managing Director explained that the expendi-

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<sup>19</sup> The Committee held only one meeting.

<sup>20</sup> See Resolution No. 11, adopted at the Inaugural Meeting of the Board of Governors.

ture was largely with respect to the taxation paid by members of the staff who were nationals of the United States and stated that representations would be continued.

With regard to the Administrative Budget, the Chairman welcomed, and in doing so was supported by the Governor for the United Kingdom, the institution of a Retirement Plan for the Staff and suggested that at their next annual meeting the Governors should have a report on the operation of the retirement fund.

In the name of the Fund Committee on Finance, I have the honor to recommend to the Board of Governors of the Fund the adoption of the following resolution:<sup>21</sup>

RESOLVED:

That the Board of Governors considers the Report on Audit for the fiscal year ended April 30, 1948, the Financial Statements contained therein and the Administrative Budget for the fiscal year ending April 30, 1949, as fulfilling the requirements of Article XII, Section 7, of the Articles of Agreement and Section 20 of the By-Laws.

Approved:

(s)  
P. LIEFTINCK  
(Netherlands)  
Chairman

(s)  
FAIZ EL-KHOURI  
(Syria)  
Reporting Member

*The Report was approved and the Resolution adopted by the Board of Governors at Session No. 4, September 30, 1948.*

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<sup>21</sup> Resolution No. 6.



## Committee on Rules and Regulations

Chairman: Belgium

Vice-Chairman: Brazil

Reporting Member: Iceland

Members: Canada, China, Cuba, Czechoslovakia, Ethiopia, France, India, Lebanon, Mexico, Nicaragua, United Kingdom, United States, Uruguay

Mr. Chairman:

The Committee met at 12 noon on September 28, 1948, under the Chairmanship of Mr. Frere, and considered a proposed amendment to the By-Laws and the changes made in the Rules and Regulations since the last Annual Meeting.

### *Rules and Regulations*

The Committee reviewed the changes <sup>22</sup> in the Rules and Regulations of the Fund, submitted by the Executive Directors to the Board of Governors and recommends that the Board adopt the following resolution: <sup>23</sup>

### RESOLVED:

That the Board of Governors of the Fund hereby notifies the Executive Directors that it has reviewed the amendments and additions to the Rules and Regulations adopted by the Executive Directors since the Second Annual Meeting and has no changes to suggest.

### *By-Laws*

The Committee recommends to the Board of Governors that Section 14 (f) of the By-Laws be amended to read as follows:<sup>24</sup>

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<sup>22</sup> For explanation of changes made, *see* Appendix E.

<sup>23</sup> Resolution No. 7.

<sup>24</sup> Resolution No. 8.

#### Section 14. Terms of Service

(f) The Executive Directors and their Alternates are to be reimbursed, in addition, for all reasonable expenses incurred during absence from the seat of the Fund while on the designated service of the Fund. Executive Directors and their Alternates shall be reimbursed for authorized representation expenses actually incurred while they are absent from the seat of the Fund on a special mission at the request of the Fund. They shall also be reimbursed for travel and transportation expenses for themselves, their families, and their personal effects in moving once to the seat of the Fund during or immediately before their periods of service and in moving once from the seat during or immediately after their periods of service.

In addition, any Executive Director or Alternate who, while holding office continuously in either capacity, has served three years as a full-time Director or Alternate, shall be entitled upon the completion of each three years of such full-time service to reimbursement for the cost of transportation expenses for his family in traveling once to and from the country of which he is a national; provided that the Fund may arrange for reimbursement for such expenses incurred by a Director or Alternate during the third year of a three-year period of such full-time service.

The new second paragraph is intended to afford the families of Directors and Alternates, who serve the Fund on a full-time basis, an opportunity to visit the countries of which they are nationals. This arrangement will be substantially the same as that provided for the staff of the Fund. The text will permit the possibility of reimbursement in cases where families of Directors and Alternates, who have served more than two years, have returned to their homes in anticipation of repatriation following the second regular election but who nevertheless were elected for

another two years. It is intended that the amendment should be administered with sufficient flexibility to take care of particular cases when equity justifies it. It is understood, for instance, that the Fund could grant the benefit of this amendment to a Director who, although not having served "full time" in the strict sense of this term, could reasonably be considered as having served as such in practice.

In addition, the phrase "terms of office" in the existing subsection would be changed to "periods of service". This change will have no substantive effect but is intended to avoid any possible ambiguity as to the intention of the subsection.

Approved:

(s)  
MAURICE FRERE  
(Belgium)  
Chairman

(s)  
ASGEIR ASGEIRSSON  
(Iceland)  
Reporting Member

*The Report was approved and the Resolutions adopted by the Board of Governors at Session No. 4, September 30, 1948.*

## RESOLUTIONS

### Resolution No. 1

#### Membership for Austria

*Pursuant to the receipt of an application for membership from the Government of Austria dated August 20, 1947, the Executive Board, in a resolution adopted on February 18, 1948, resolved 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 on February 24, 1948, for a vote without meeting:*

#### RESOLVED:

(1) That the Board of Governors hereby approves the admission of Austria 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 Austria shall be \$50,000,000;

(3) That its subscription shall be equal to its quota, and that not less than 10 per cent of the subscription shall be paid in gold and the balance in the currency of Austria;

(4) That no part of the subscription need be paid at the time the Articles of Agreement are signed on behalf of Austria;

(5) That within thirty days after the Fund so requests, Austria shall communicate to the Fund the par value of its currency based on the rates of exchange prevailing on the date Austria becomes a member of the Fund, and within sixty days following the Fund's receipt of the communicated par value Austria 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 Austria 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 Austria 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 Austria shall become a member of the Fund subject to the terms and conditions set forth in this resolution as from the date when Austria has complied with both of the following requirements:

a. Austria 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. Austria 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 Austria may accept membership in the Fund pursuant to this resolution until August 31, 1948.

*The Board of Governors adopted the foregoing resolution and, accordingly, on April 12, 1948, the Managing Director extended to the Government of Austria a formal invitation to become a member of the International Monetary Fund. The process was completed on August 27, 1948, when Dr. Ludwig Klein-waechter, Austrian Minister to the United States, signed the Articles of Agreement on behalf of the Government of Austria.*

## Resolution No. 2

### Extension of Time for Iran's Consent to Increase in Quota<sup>25</sup>

*Pursuant to a request received from the Government of Iran, under the date of March 22, 1948, for an extension in the time required to effect formal consent to increase the quota of Iran, authorized at the Second Annual Meeting (Resolution No. 2-3), the following resolution, approved by the Executive Board on April 1, 1948, was submitted for a vote without meeting, in accordance with Section 13 of the By-Laws, on April 12, 1948:*

#### RESOLVED:

That the Board of Governors hereby renews Resolution No. 3 on the Increase of the Quota of Iran, passed at the Second Annual Meeting, except that the date "March 31, 1948" shall be changed to "July 31, 1948".

*The Board of Governors adopted the above resolution as of May 28, 1948, and the new quota of Iran, increased to \$35 million, became effective on July 21, 1948, the date on which the Fund received the necessary consent from the Government of Iran.*

## Resolution No. 3

### Second Regular Election of Executive Directors<sup>26</sup>

#### RESOLVED:

(a) That the Report of the Executive Directors of the Fund, dated September 3, 1948, regarding the Second Regular Election of Executive Directors, is hereby approved;

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<sup>25</sup> For earlier resolutions relating to the Increase in the Quota of Iran, see Resolution No. 11, adopted at the First Annual Meeting, and Resolution No. 3, adopted at the Second Annual Meeting.

<sup>26</sup> Recommended by the Procedures Committee and adopted by the Board of Governors at Session No. 1 (Joint), September 27, 1948. See also Appendix B for text of the Report and results of the Election.

(b) That the Proposed Rules for the Conduct of the Second Regular Election of Executive Directors, attached to said Report of the Executive Directors, are hereby adopted as the rules for the conduct of said election;

(c) That Resolution No. 10 adopted by the Board of Governors at its Inaugural Meeting in March 1946 is hereby repealed; and

(d) That the Third Regular Election of the Executive Directors shall take place at the annual meeting of the Board of Governors in 1950.

#### **Resolution No. 4**

##### *Membership for Siam* <sup>27</sup>

WHEREAS, the Government of the Kingdom of Siam 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 after consultation with representatives of that Government has made recommendations to the Board of Governors with regard to the quota to be subscribed by the Government of the Kingdom of Siam and other 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 recommendation of the Executive Board, hereby resolves that the Government of the Kingdom of Siam shall be admitted to membership in the International Monetary Fund

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<sup>27</sup> Recommended by Committee on Membership and adopted by the Board of Governors at Session No. 4, September 30, 1948.

under Article II, Section 2, of the Articles of Agreement on the following terms and conditions:

- (1) That the quota of Siam shall be \$12,500,000;
- (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 Siam;
- (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 Siam;
- (4) That within thirty days after the Fund so requests, Siam shall communicate to the Fund the par value of its currency based on the rates of exchange prevailing on the date Siam becomes a member of the Fund, and within sixty days following the Fund's receipt of the communicated par value Siam 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 Siam 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 Siam 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 Siam shall become a member of the Fund subject to the terms and conditions set forth in this resolution as from the date when Siam has complied with both of the following requirements:
  - a. Siam 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. Siam 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 Siam 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 Siam 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.

## **Resolution No. 5**

### **Reduction in the Quota of Honduras <sup>28</sup>**

#### **RESOLVED:**

That the quota of Honduras shall be changed to \$500,000, provided that Honduras consents to the change by a written notice which is in a form satisfactory to the Fund and is received by the Fund within ninety days from the date of adoption of this resolution. Such change shall become effective on the date the Fund receives such notice but not sooner than the date of this resolution.

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<sup>28</sup> Recommended by Committee on Membership and adopted by the Board of Governors at Session No. 4, September 30, 1948.

## **Resolution No. 6**

**Report on Audit for the Fiscal Year ended April 30, 1948**  
**and**  
**Administrative Budget for the Fiscal Year ending April 30, 1949** <sup>29</sup>

### **RESOLVED:**

That the Board of Governors considers the Report on Audit for the fiscal year ended April 30, 1948, the Financial Statements contained therein and the Administrative Budget for the fiscal year ending April 30, 1949, as fulfilling the requirements of Article XII, Section 7, of the Articles of Agreement and Section 20 of the By-Laws.

## **Resolution No. 7**

**Rules and Regulations** <sup>30</sup>

### **RESOLVED:**

That the Board of Governors of the Fund hereby notifies the Executive Directors that it has reviewed the amendments and additions to the Rules and Regulations adopted by the Executive Directors since the Second Annual Meeting and has no changes to suggest.

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<sup>29</sup> Recommended by Committee on Finance and adopted by the Board of Governors at Session No. 4, September 30, 1948.

<sup>30</sup> Recommended by Committee on Rules and Regulations and adopted by the Board of Governors at Session No. 4, September 30, 1948. For explanation of changes made, *see* Appendix E.

## Resolution No. 8

### Amendment of Section 14 (f) of the By-Laws <sup>31</sup>

#### RESOLVED:

That Section 14 (f) of the By-Laws be amended to read as follows:

#### Section 14. Terms of Service

(f) The Executive Directors and their Alternates are to be reimbursed, in addition, for all reasonable expenses incurred during absence from the seat of the Fund while on the designated service of the Fund. Executive Directors and their Alternates shall be reimbursed for authorized representation expenses actually incurred while they are absent from the seat of the Fund on a special mission at the request of the Fund. They shall also be reimbursed for travel and transportation expenses for themselves, their families, and their personal effects in moving once to the seat of the Fund during or immediately before their periods of service and in moving once from the seat during or immediately after their periods of service.

In addition, any Executive Director or Alternate who, while holding office continuously in either capacity, has served three years as a full-time Director or Alternate, shall be entitled upon the completion of each three years of such full-time service to reimbursement for the cost of transportation expenses for his family in traveling once to and from the country of which he is a national; provided that the Fund may arrange for reimbursement for such expenses incurred by a Director or Alternate during the third year of a three-year period of such full-time service.

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<sup>31</sup> Recommended by Committee on Rules and Regulations and adopted by the Board of Governors at Session No. 4, September 30, 1948.

## **Resolution No. 9**

### **Death of Harry D. White <sup>32</sup>**

WHEREAS, the late Harry D. White was one of the leading framers of the structure as well as the Articles of Agreement of the International Monetary Fund and the International Bank for Reconstruction and Development;

WHEREAS, he devoted the greater part of his last years to building up those institutions and served as Executive Director of the International Monetary Fund in its initial year of functioning;

WHEREAS, the same Harry D. White passed away in the latter part of the month of August last, and the Governors of the International Monetary Fund want to honor his memory and his contribution to the building of these institutions;

THEREBY, in recognition of these premises, the Governors for the International Monetary Fund hereby RESOLVE:

To record in the proceedings of this meeting the profound sorrow of the Board of Governors because of the death of Harry D. White.

## **Resolution No. 10**

### **Site and Date of Fourth Annual Meeting <sup>33</sup>**

#### **RESOLVED:**

That the future meetings of the Fund should be held in Washington and that the Chairman shall convene the Fourth Annual Meeting of the Board of Governors of the International Monetary Fund in Washington, D. C., in the month of September 1949,

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<sup>32</sup> Recommended by the Procedures Committee and adopted by the Board of Governors at Session No. 5 (Joint), October 1, 1948.

<sup>33</sup> Recommended by the Procedures Committee and adopted by the Board of Governors at Session No. 5 (Joint), October 1, 1948.

but that meetings outside Washington should be held from time to time, and it is recommended that the Board of Governors should consider the first such meeting outside Washington taking place in Paris in 1950.

### **Resolution No. 11**

**Election of Officers of the Board of Governors for Ensuing Year<sup>34</sup>**

**RESOLVED:**

That the Governor of France is hereby elected Chairman, and the Governors of China, India, 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.

### **Resolution No. 12**

**Establishment and Composition of the Procedures Committee for Ensuing Year <sup>35</sup>**

**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

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<sup>34</sup> Recommended by the Procedures Committee and adopted by the Board of Governors at Session No. 5 (Joint), October 1, 1948.

<sup>35</sup> Recommended by the Procedures Committee and adopted by the Board of Governors at Session No. 5 (Joint), October 1, 1948.

meeting of the Board. The Procedures Committee shall consist of the Governors of the following members:

China, Ethiopia, France, Iceland, India, Luxembourg, Union of South Africa, United Kingdom, United States, Uruguay, Venezuela and Yugoslavia.

The Chairman, Vice-Chairman and Reporting Member shall be the Governors of France, India and the Union of South Africa, respectively.

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## **APPENDICES**



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## APPENDIX A

### STATEMENTS MADE AT THE OPENING JOINT SESSION

#### ADDRESS BY THE GOVERNOR OF THE FUND AND BANK FOR THE UNITED STATES <sup>36</sup>

John W. Snyder

Mr. Chairman, I am happy to add my personal welcome to Washington to the greetings just read you from the President. The annual meetings of the Boards of Governors provide an important occasion for the interchange of ideas and the discussion of issues among the representatives of a large number of countries who otherwise will rarely see each other except when immediately urgent issues must be settled.

Here we have an opportunity to examine the broader phases of international financial policy. It is possible to exchange views and to gain some impressions of the climate of world opinion on the problems with which we are concerned.

As Governors of the Fund and the Bank, however, we have the immediate task of reviewing the work of the Executive Directors and of the staffs of these institutions in the past year. We must act on several matters of policy which are reserved by the Articles of Agreement to the Boards of Governors. Although we have entrusted most of our powers to the Executive Directors, it is appropriate for the Governors to inquire into the operations of the institutions and to consider broad aspects of their policy.

The postwar economic dislocation has been more serious than had been anticipated at Bretton Woods. The extent of physical destruction was greater, and the disruption of normal trade channels has hindered the return to economic stability. The political uncertainties of the period have contributed to the difficulties of international finance and investment.

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<sup>36</sup> Delivered at the Opening Joint Session of the Boards of Governors, September 27, 1948.

As we review the work of the Fund and the Bank, we must examine it both from the standpoint of the objectives for which these bodies were established and in terms of the economic and political conditions under which they have had to operate in the last few years. Even today, there are really no precise estimates of the amount which will be required to restore fully the economic life of the war-torn countries and to finance the economic development of other countries whose national incomes today are below the potential levels.

The International Bank has been able to provide notable assistance in both of these fields. Naturally enough in the first period of its operation most of its loans were reconstruction loans made to the countries whose economies had suffered most from the war. Now, it is turning more to an increased extent to development loans which we may assume will become of greater importance as the activities of the Bank expand.

The opportunities for investment are great. The ability to supply funds and investment goods is more limited. I wish I could say that the conditions prevailing in the world were conducive to the free flow of private capital for investment in foreign industry. To a considerable degree the factors which affect the private investment market also affect the Bank. The Bank, if it is to continue its useful career over the next decades, must make loans which will be repaid by the borrowers, since only in this way can it continue to make new loans.

The Bank does not compete with private investors. It serves to facilitate private investment and to direct funds into the proper places. The Bank must have assurance not only that its loans will be repaid but that they will be extended efficiently for the productive purposes which will facilitate repayment without unduly burdening the international accounts of the borrowing countries.

In reviewing the work of the Bank over the last few years, it must be borne in mind that making good investments for devel-

opment purposes is by no means an easy task. The projects must be given careful study. The conditions in the borrowing country should be favorable to undertaking international obligations. Before the Bank can reach its decision, it must have available to it a large amount of data about the project and the long-range program of the country concerned which alone can supply the needed information.

Countries in need of economic development may in practice have difficulty in formulating their projects since they often need technical advice and assistance as well as finances for their projects. The Bank, in my opinion, has proven very helpful in sending missions to countries requesting aid to assist them in planning their programs of development and formulating their loan projects. These investigations will, we hope, soon lead to further expansion of the Bank's loans.

The Bank, of course, can not provide all the needed finance nor can it on its own initiative take many of the steps which are necessary for sound investment programs. To a large extent, the member countries must play their own part, and this includes the countries able to export capital as well as those which seek to import it.

With your permission, Mr. Chairman, I would like to turn for a moment to the international monetary and exchange problems which are the concern of the Fund. It was a significant step in international cooperation when the member nations submitted their par values and exchange rates to the scrutiny of an international body. Moreover, from time to time, various member countries have consulted with the Fund about their exchange policies in matters other than rates. Problems of discrimination, multiple rate systems, and related devices were discussed.

The Fund has given valuable advice to its members. It has recognized that the problems of foreign exchange can not be separated from the problems of domestic monetary and fiscal policy and of the international trade situation.

Most of the Fund's suggestions are accepted, and this is also important as a stage of international cooperation. There have unfortunately been some contrary experiences. We hope that soon all of the member nations will have reached conditions which will enable them to establish and maintain stable par values for their currencies.

The Fund will then use its resources to provide temporary assistance when needed to maintain exchange stability.

When the original par values were agreed with the Fund, it was recognized both by the Fund and the member nations that the declared pars could at best be tentative. Conditions were not right for the establishment of equilibrium rates of exchange which would be maintained over an indefinite period without unduly making use of the Fund's resources. Measured in terms of relative prices and other factors, there may be currencies today which are overvalued, and an orderly adjustment must be made in the future to bring about stability and to facilitate the expansion of international trade.

The Fund's resources should not be used to support untenable rates or to meet deficits on international accounts which are fundamental and which can be met only through large-scale international assistance and the adjustment of exchange rates.

With the help of the European Recovery Program, we may expect that substantial equilibrium will be reached in the international accounts of most of the participating countries. In this connection, the Fund has an important role. It can deal with questions of monetary and fiscal policy and of international exchange without the suspicion of any specific bias in favor of any one country. It has available to it a vast store of technical information. It is studying the experiences of each country. Its views, therefore, should be regarded with great respect by the member countries.

Both the Bank and the Fund were created with certain long-range objectives in view. They were not intended to deal with

some of the immediate problems of reconstruction. It became clear after the end of the war that the most fundamental problem of the European countries at least was their inability to balance their international accounts. Their needs for goods, food-stuffs, raw materials and supplies far exceeded the amount which they could earn from their exports and other services at the prevailing level of output.

It is clear now that these balance of payment deficits far exceed the Fund's resources in dollars or other currencies needed to purchase supplies. The Bank also could not finance these balance of payment deficits considering the terms of its Articles of Agreement and its available resources.

We must bear in mind that the Bank has a function to perform for many years to come, and that its charter obligates it to use the funds exclusively for the benefit of the members with equitable consideration to projects for development and projects for reconstruction alike.

The Fund, on the other hand, is not intended to provide facilities for relief or reconstruction or to deal with international indebtedness arising out of the war. Thus, if these international institutions are to serve their long-run purposes, other ways had to be devised for financing the postwar deficits.

The people and the Government of the United States have realized that they have had an important role in the restoration of the economies of the world dislocated by the war. The United States provided assistance to foreign countries in the form of relief grants, loans and property credits of approximately fifteen billions of dollars between July 1, 1945 and December 31, 1947. Under the European Recovery Program, the United States has provided over five billion dollars for the current year, and it is expected that if conditions warrant further appropriations will be made in future years for the economic reconstruction of Europe.

In speaking of the economic recovery program for Western

Europe, I would like to also draw attention to the East-West trade within Europe. Such trade already exists, and all that can reasonably be done to maintain its flow is to the interest of all.

The people of the United States have not been unmindful of the needs of other areas. They have provided for direct aid to China, and they have expected that large benefits will accrue indirectly to other countries from the European aid program.

The needs of Europe have been acute, and we have recognized that the economic recovery of Europe is essential to the well-being of the other continents as well.

Other countries too have, in proportion to their abilities, supplied aid in the form of loans and trade credits which have made significant contributions toward the restoration of high levels of production abroad. Assistance abroad in this large volume was necessary under prevailing circumstances. It should go far toward restoring levels of production and fostering trade patterns which will make possible the balanced growth of international trade, which is among the prime objectives of the Fund and the Bank.

The resources of the Fund should be used to deal only with problems of temporary disequilibrium in the balance of payments of member countries; with the most pressing requirements for international finance satisfied at least in part by postwar programs, the Bank will be in a better position to fulfill its functions in providing needed international credits and facilitating the expansion of international investment.

In the coming years, we can look forward to having these institutions realize more fully the ideals contemplated for them by the United Nations Monetary and Financial Conference of 1944.

ADDRESS BY THE GOVERNOR OF THE FUND AND BANK FOR  
FINLAND <sup>37</sup>

Sakari Tuomioja

Mr. Chairman and Gentlemen, as a representative of a new member country I deeply appreciate the honor to address this distinguished assembly. Finland has been very happy to join the twin organizations, and it now for the first time officially is participating in the annual meeting of the Boards of Governors.

Personally, I welcome this splendid opportunity to meet my colleagues, exchange views with them, and establish friendships under the amiable atmosphere of this beautiful capital of the United States.

The creation of these two international organizations is based on the realization of the economic interdependence and organic unity of the world nations. This interrelationship is very deeply felt in Finland, whose economy and whose very national existence depend on the exchange of goods with other lands near and far alike. Whatever the prevailing economic conditions in her customer countries, they always strongly influence Finland's domestic economic life. Whether there is a boom or a bust, stability and progress or dislocations and disrupted economies elsewhere, Finland to a large extent will be correspondingly affected.

I am very glad to be able to tell you that recovery in Finland is slowly but steadily on its way despite tremendous difficulties of various kinds. This satisfactory development is, in fact, to a great extent due to the outside economic aid which Finland has been fortunate to receive in the form of credits.

However, the continuance of this encouraging progress will largely depend upon the speed of recovery and reconstruction in other countries.

Thus, Finland is sincerely interested in all efforts designed to

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<sup>37</sup> Delivered at the Opening Joint Session of the Boards of Governors, September 27, 1948.



bring about economic stability and welfare all over the world. In the present economic life, many nations will of necessity continue to require assistance, but I am sure that there will be changes in the future. In due time we shall see more and more countries in a position to contribute materially to the development of other areas of the world on a mutually advantageous universal basis.

I feel confident that this gathering, under the distinguished chairmanship of the Honorable Yun-wu Wang, will bring us closer to the ultimate goals of the Bank and the Fund.

I wish once more to express the appreciation of Finland for the opportunity to participate in world reconstruction and stabilization in close cooperation with other countries under the auspices of the Bank and the Fund toward economic progress and world unity.

ADDRESS BY THE GOVERNOR OF THE FUND AND BANK FOR  
GUATEMALA <sup>38</sup>

Manuel Noriega Morales

Mr. Chairman and Fellow Governors, it is indeed a great privilege and an honor to speak at the opening of the Third Annual Meeting of the Governors of the International Bank for Reconstruction and Development and the International Monetary Fund. Some of us who have been associated with these twin institutions since their creation at Bretton Woods can see with great satisfaction the progress made and the vitality they have achieved, notwithstanding terrific handicaps and a multiplicity of hazards.

We live now in a troubled world—troubled because many problems created by the war and the postwar period are still

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<sup>38</sup> Delivered at the Opening Joint Session of the Boards of Governors, September 27, 1948.

far from solution and, rather than being solved, are getting more critical as the weeks and the days move by.

While this happens, we in Latin America feel that all our efforts and all our strength should be applied toward cooperation with all democratic nations in the seeking of world peace and prosperity. We also consider it is our duty and responsibility to pledge continued support to the international institutions working for that ideal, an ideal which must prevail for the salvation of humanity.

The Fund and the Bank are among these international organizations. They will plan to help every member nation in the solution of many of their economic and financial problems. We continue to pledge our faith in the work of these sister institutions since we feel confident that they will always accomplish the generous task entrusted to them and will endeavor to assist the countries of our continent as much as those of other areas of the world in their continuous difficulties.

Time does not permit me to analyze the nature of these problems, and this is not the occasion to discuss them. However, it is proper to say that in Latin America both the Bank and the Fund find ample field to engage in truly constructive work in making real contributions to the economic stability and social progress of our countries.

Our institutions at home demand it; our governments expect it; and our peoples deserve it and must receive its benefits.

Early this year some of our countries were glad to receive the visit of President McCloy and high officials of the International Bank for Reconstruction and Development. Also some high officials of the International Monetary Fund traveled through Latin America. We regard these visits as excellent opportunities for them to know our countries and to get acquainted with the nature of our problems which in some cases are similar to those of other areas of the world but, in other instances, are certainly peculiar and different.

It is our sincere hope that this trend continues and that it will enable the Fund and the Bank to contribute to the well-being of our peoples by means of the instruments afforded in the Bretton Woods Agreement. Prosperity and durable peace will come to our world with a spreading all over of the benefits of monetary stability, social progress and economic welfare.

On behalf of the Latin American Governors of the Bank and the Fund, I wish to express our pleasure to join with all of you in the fostering of fair and just economic and monetary conditions in the world, pledging our support to this end.

Before leaving, may I express our thanks to Mr. McCloy, the President of the Bank, to Mr. Gutt, the Managing Director of the Fund, and to the staffs of both institutions for the genuine and warm welcome we have received here today.

ADDRESS BY THE GOVERNOR OF THE FUND AND BANK FOR THE  
UNITED KINGDOM <sup>39</sup>

Sir Stafford Cripps

Mr. Chairman and Boards of Governors, there is little doubt that the international and economic picture of the world today is not what had been anticipated by the creators of these institutions, the Bank and the Fund, at Bretton Woods. This change of circumstances has created great difficulties for both institutions. The stresses and strains of the international situation which are, we hope, quite abnormal persist, and there has been no period of peaceful development during which the hoped for policies and practices could be fully developed.

We must not, Mr. Chairman, because of these unfortunate accidents of history, underestimate the importance either of the creation of these institutions, a rightful impulse of the post-

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<sup>39</sup> Delivered at the Opening Joint Session of the Boards of Governors, September 27, 1948.

war urge for the self-preservation of humanity, or of their continuing and developing existence.

Though our hopes and expectations may to some extent have been postponed by the course of events, we must not allow ourselves to become discouraged or to feel that we shall forever be struggling in the coils of adversity so that no orderly and considered plans for world economic cooperation can succeed.

Though the resources of the Bank are not adequate to deal with the herculean task of world reconstruction as it now presents itself to us, it has yet been able to do some most useful service in this connection. Valuable help has already been given and more channels of assistance are now under examination. We can, I believe, feel confident that under its wise management the Bank will continue to use its resources so far as it is able for the benefit of its members and in the cause of the reconstruction and the expansion of world production.

At the same time, we all recognize that without the massive and generous gesture of the United States Government and people in the form of the European Recovery Program, we might now be facing a winter of the most acute and devastating hardship to many peoples throughout the world. And I am glad to have this opportunity of putting on record the deep appreciation of my government and people for this far-sighted wisdom of the government, the Congress and the people of the United States of America in giving hope and very practical help to the peoples of Western Europe.

So far as the Fund is concerned, it equally has been affected by the uncertainties and instabilities of the international situation. There can be no doubt that the maintenance of orderly exchange regulations has become increasingly difficult during the past year. But we must all view with deep anxiety any tendency to depart from the principles of the Articles of Association of the Fund. We are very conscious, from our own experience, how these departures from the principles laid down in the field of

foreign exchange transactions quickly have their effect, an embarrassing and complicating effect, upon the world of international trade and commerce.

We must therefore, all of us, insist upon the importance of this aspect of the work, and, indeed, of the duty of the Fund, and give it our full assistance in securing orderly exchange arrangements. Unless we can maintain a high degree of law and order in this vital field, the great efforts that are being made now by many countries towards world recovery will be frustrated by the chaos and anarchy that will prevail in foreign exchanges. It is, therefore, our duty to help the Fund in this matter, to which each one of us is fully pledged by the acceptance of the Fund Agreement.

I believe that the Bank and Fund can make a large contribution to that task to which we are all devoted, the promotion and the security of the welfare of our peoples in every part of the world.

## STATEMENTS MADE AT THE CLOSING JOINT SESSION

ADDRESS BY THE GOVERNOR OF THE FUND FOR  
FRANCE <sup>40</sup>

Pierre Mendes-France

Mr. Chairman, on behalf of Mr. Queuille, Head of the French Government, Minister of Finance and Governor for the Bank, as well as on my own behalf, I wish to express our deep appreciation for the decisions you have just reached to elect the Governor for France as Chairman for next year and to recommend that the Fifth Annual Session of the Board be held in Paris in 1950.

You may be sure that the honors bestowed upon us are deeply felt by a country and men who were intimately connected with the birth and development of our twin institutions since the time

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<sup>40</sup> Delivered at the Closing Joint Session of the Boards of Governors, October 1, 1948.

of Bretton Woods. Events have taken place which were sometimes quite different from those which we had anticipated or hoped for, but those events have strengthened the will of all people striving for international cooperation to do their utmost to further the development of such institutions as the International Bank and the Monetary Fund.

In the capacity and functions you have bestowed upon us, we shall endeavor to achieve the aims which were defined at Bretton Woods and which, in the difficult times we are now facing, are more than ever our aims.

I also wish to take this opportunity to express our special gratitude to our American hosts for their hospitality which, as usual, was both open and kindly. We also had the advantage of visiting the seat of the Bank and Fund and to appreciate the good teamwork of the twin institutions.

The Management of the Bank and Fund, their Executive Directors and their Staff, should be congratulated on the efficient manner in which they have fulfilled their duties during the past year, and in particular on the efficient organization of our present meeting.

Some have expressed the opinion that our meetings are too often devoted only to procedural questions or to the adoption, after short debate, of the reports submitted to us. This opinion is erroneous though I feel personally that our colleague from the United States, Secretary Snyder, was right in proposing that in the future very broad discussions concerning the policies of the International Monetary Fund and of the International Bank should take place during our annual meetings.

Such exchanges of views can only increase the authority and efficiency of our institutions and the importance of our discussions.

However, even now our meetings do have an importance which—and I should like to call the attention of my colleagues to this point—cannot be underestimated. The fact that delegates should

have reached Washington from 40 to 50 different countries of the world, should have sat together regularly and exchanged their views, either in public meetings or in private meetings, that those people should have had discussions of their common problems and of their common worries, I think is of great importance for the international importance of the role which our institutions do have to play.

This, indeed, is one of the great achievements of the Fund and of the Bank. This is an achievement which is a fact now and which we should not underestimate.

In ending my speech, I should like to propose a vote of thanks to our Chairman, the Right Honorable Dr. Yun-wu Wang, who has directed our discussions with so much tact and so much authority and to whom the success of this meeting should be ascribed.

ADDRESS BY THE GOVERNOR OF THE FUND FOR  
AUSTRIA <sup>41</sup>

Hans Rizzi

Mr. Chairman, Governors, permit me on the occasion of the Closing Session of our organizations to say a few words on behalf of Austria, the youngest member of both the International Bank and the Monetary Fund.

It was with sincere satisfaction that Austria has taken note of the decision of the member states to accept her application for membership in the two institutions established at Bretton Woods.

In appreciating our admission, we realized, however, that the still unsettled questions of political and economic character in our country will hardly permit us at this time to make extensive use of the assistance provided for by both financial institutions.

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<sup>41</sup> Delivered at the Closing Joint Session of the Boards of Governors, October 1, 1948.

The obstacles encountered in the reconstruction of Austria's economy are still immense. Yet, we have learned by experience that to keep one's arms crossed in the face of difficulties is the worst one could do. Had we not, in December 1947, despite unusually adverse conditions, carried out measures of currency stabilization—far-reaching both in their consequences and in the sacrifices imposed upon the Austrian population—our economy would have fallen victim to a runaway inflation already casting its dark shadows across our country. Equally, we must strive with all our energy for the reconstruction of our industrial plants badly battered by the war and the aftermath of war, even though the legal status of a certain part of our industry is still unsettled.

The favorable developments following our currency reform last fall have demonstrated with clarity that Austria not only possesses the will but also the energy to rebuild her economy. The unanimity with which industrial management, labor and agriculture are striving for the same goal, namely economic recovery, is worthy of recognition.

In our efforts we need economic assistance as well as moral support from the world, and it is only natural that we should turn to those organizations which have been established for the purpose of furthering international cooperation. May I, therefore, address myself to both the International Bank and the Monetary Fund to enlist their support in our endeavors for the reconstruction of Austria's economy.

ADDRESS BY THE GOVERNOR OF THE FUND AND BANK FOR THE  
UNITED KINGDOM <sup>42</sup>

Sir Stafford Cripps

Mr. Chairman, I should like, first of all, to say a word or

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<sup>42</sup> Delivered at the Closing Joint Session of the Boards of Governors, October 1, 1948.



two about the activities of the Bank. The President in his speech on Wednesday asked various member countries to reconsider their attitude towards assisting the Bank in making available assets in various ways in the light of the general approach to the work of the Bank which he then so ably outlined.

On the first two points which he raised covering the possibility of securities of the Bank being acquired or held by residents in the member countries, I am afraid that I can only say that for the time being at least, so far as we in the United Kingdom are concerned, we see little prospect of anything on those lines being possible.

I only wish we could do more. Quite frankly, we must still await better times.

The third suggestion made by the President was that member countries should reconsider the question of making available for Bank financing some portion of the 18 per cent of their capital subscription in their own currency. The United Kingdom is already making available such large quantities of sterling by way of credits, gifts and the release of sterling balances that it is very difficult to see what further it can do in the way of pledging its exports without any immediate return by way of imports.

We have, like other countries, to consider this question in terms of the goods represented by money rather than in the terms of the money itself. We are already fully pledged to make available, in one way or another of the ways I have mentioned, all the unrequited exports that we can possibly spare in the light of the need to improve our visible trade balance. We are, however, hoping to increase our total volume of production above the present level in the coming months and years and we shall keep constantly before us the desirability of channeling any further unrequited exports that we can afford through the operations of the Bank.

We are most conscious of the desirability of rendering to the Bank this form of support, and we shall always be ready to consider any specific suggestions on particular projects that the

Bank wishes to submit to us. But, beyond that, at the moment we can not go.

As the period of extreme emergency passes and we start to enter upon a more regular and normal condition of affairs—normal, that is, in the new world circumstances, or perhaps it would be better to say conditions less liable to the violent fluctuations which have been the rule of the postwar period to date—we shall hope that it will become more and more possible for us and other member countries to give the Bank that support which it deserves and which we would certainly like to give it.

I feel myself that it is of the greatest importance that in this, as in so many other international matters today, we should accustom ourselves to a new outlook and a new perspective. We have, many of us, been accustomed hitherto to regard such international institutions as the Fund and Bank as mere incidents in our own internal financial and economic problems; they are useful if we can get anything out of them, but, otherwise, an awkward embarrassment to the freedom of our own actions.

That point of view we must all of us change. The Bank and Fund are, in fact, an integral and vital part of a new conception of world cooperation which we are attempting in our imperfect way to build up. They are primarily, and not secondarily, factors in our own planning and policy-making in the financial and economic sphere, and we must treat them and support them as such.

Rather than say: Will it help us individually if we do this or that to support these two institutions?—we should say: Can not we give this help to these essential international organizations without unduly affecting our own interests?

I feel certain that if we can, all of us, adopt that spirit of approach to our cooperative efforts through the Fund and Bank, we shall enable them to do the work and do it effectively for which they were, by the vision of their founders, set up.

We are passing, as has been suggested by the Managing Di-

rector of the Fund and by the President of the Bank, through a period of exceptional difficulty and perhaps of discouragement in the international field. But, that is, in my view, the very reason why we should all the more stand fast by the institutions which we have created and upon which, in the longer run, must depend all our hopes of any permanent solution of our difficulties.

I would like to conclude what I have to say by offering my thanks to the staff of the Fund and of the Bank for the contribution which they have made and are making to the building up of a true international objectivity in the two important fields of finance and economics. As the President of the Bank said to us, if such objectivity is maintained to the point where it becomes a tradition, great consequences may flow from it. It is my hope, and that of my country, that this tradition may be built up, for it will not only redound to the honor of the Bank and the Fund but will vastly increase their usefulness to the world.

ADDRESS BY THE GOVERNOR OF THE FUND AND BANK FOR  
THE NETHERLANDS <sup>43</sup>

P. Liefstinck

Mr. Chairman, in connection with one of the remarks made by the President of the Bank, the Governor for the United Kingdom has drawn our attention to the problem of the use of that part of the capital of the Bank that has been made up in national currency—the so-called 18 per cent. None of us is blind to the importance of this problem. It is only by bringing these 18 per cent to life—that is, by allowing the Bank to use them in its lending operations—that we can make the Bank into a truly international institution.

On the other hand, it is obvious why the Articles of Agree-

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<sup>43</sup> Delivered at the Closing Joint Session of the Boards of Governors, October 1, 1948.

ment prescribed that the Bank's use of the 18 per cent is subject to the approval of the member concerned. Under conditions where the whole of a country's capacity to export is needed to provide payment for its essential imports, and where, even so, only a part of its imports can be paid for by exports, a country can not refrain from exercising supervision of the manner in which its exports flow and of the resources out of which these imports are paid.

However, with the progress of reconstruction out of the stage of the immediate repair of war damage and a gradual recovery of the productive apparatus of production, it should become possible more and more to deviate from the general rule, unavoidable in the immediate postwar period, not to permit the Bank the use of the 18 per cent for the payment of such exports as are the consequence of loan operations concluded by it.

The scope of such deviations will, at first, differ from country to country according to the level of recovery and reconstruction that has been achieved. I, for myself, am ready to declare the willingness of my Government to allow in principle the use of the 18 per cent for loan operations by the Bank, the conditions under which such use will be allowed to be fixed from case to case.

I sincerely hope, Mr. Chairman, that the progress of recovery in my country, made possible by the assistance of the Bretton Woods institutions and by ERP, will permit these conditions to become more and more lenient in the years to come.

ADDRESS BY THE GOVERNOR OF THE BANK FOR  
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Carlos Montero Bernaldes

Mr. Chairman, Fellow Governors, the Governors for Latin

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<sup>44</sup> Delivered at the Closing Joint Session of the Boards of Governors, October 1, 1948.

America have honored me with the request that I should say a few words in their behalf at this closing session of the Third Annual Meeting of the Governors of the International Monetary Fund and the International Bank for Reconstruction and Development.

We have been greatly pleased to find at this Third Annual Meeting the same spirit of mutual understanding and cooperation that have characterized our previous meetings at Savannah, Washington and London. The report of the excellent work accomplished by these twin institutions during the past year has established a new landmark towards the realization of the aims and purposes which inspired their creation at the Bretton Woods Conference.

The Latin American countries cooperated at Bretton Woods to give life to these international institutions. We were convinced at Bretton Woods that the world needed international institutions charged with the responsibility of attaining monetary and economic stabilization. We were convinced that the world needed international institutions devoted exclusively to the enormous task of reconstructing the countries devastated by the war and to develop the natural resources of other areas of the world in order to maintain and improve the standard of living and establish the basis for permanent peace.

The Latin American Republics have closely followed the organization and initial work of both the Fund and the Bank and we are pleased today to learn of the progress attained during the last year, which proves that our hopes at Bretton Woods were not empty dreams. We are particularly pleased with the interest shown by the Fund and the Bank during the past year in the monetary and economic problems of the Latin American Republics.

I can not fail to mention the very excellent results of the recent visit of the President of the Bank, Mr. John J. McCloy, to South America. It enabled Mr. McCloy and his advisers to learn of our

problems at close range. On the other hand, it gave an opportunity to the business and financial leaders of South America to know and admire the extraordinary ability and capacity for work of the President of our Bank.

We have great hopes that, as a result of the technical missions sent to the Latin American countries both by the Fund and the Bank, there will be a better understanding of our complicated problems, and, as a result of this understanding, our countries may avail themselves in the near future to a larger degree of the facilities to which member countries are entitled for the development of our natural resources and the improvement of our standards of living.

May I congratulate the staff of the Fund and the Bank for the excellent organization of this Third Annual Meeting. May I also seize this opportunity to express our appreciation to the Government of the United States of America, our host, for the courtesy and hospitality shown to all delegates attending this meeting. The beauty of the city of Washington and the courtesy and hospitality of its people have done much toward making the meeting a success, have helped to lighten and make more pleasant all our tasks, and have served to remind us once more of the exemplary lives of the great names in the history of this nation: Washington, Lincoln, Jefferson, and of the great Pan-Americanist, Franklin Delano Roosevelt.

On behalf of the Latin American Governors, I wish to record our warmest congratulations to Mr. Yun-wu Wang, the Chairman of this Conference, for his wise guidance of our deliberations; to Mr. Camille Gutt and the Directors of the International Monetary Fund, and to Mr. John J. McCloy and the Executive Directors of the International Bank for Reconstruction and Development for the very fine work of both institutions during the past year.

ADDRESS BY THE GOVERNOR OF THE FUND AND BANK FOR THE  
UNITED STATES <sup>45</sup>

John W. Snyder

Mr. Chairman, these have truly been very fine statements to which we have listened. I think that it has been clear at these meetings that each Governor of our two institutions has felt a personal responsibility for further advancement of the vital purposes which the Bank and Fund are intended to serve. The interchange of views and the positive actions which have taken place during our sessions will serve to advance the welfare not only of the nations which are represented here but also in any long-range appraisal of the nations which have not been represented.

We have met under the capable chairmanship of the distinguished Governor of China. As most of you know, Dr. Yun-wu Wang has unselfishly laid aside pressing private business demands to take over the responsibilities of the Minister of Finance of China in these difficult days, and in the midst of the difficult problems in China. He has presided over the conferences with kindness and graciousness and with deep understanding. He has won our affection and our high esteem.

For the United States delegation I desire also to commend the work of the entire staffs of the Bank and the Fund and of the joint secretariat. Both during our recent busy days and during the days of preparation which preceded our assembly here, that work has been alert, efficient and altogether competent.

To President McCloy of the Bank, to the Managing Director, Mr. Gutt, of the Fund, to members of the Boards of Executive Directors of the Bank and the Fund, and to all their subordinates I would like to say that I feel the day-to-day work of the two institutions is praiseworthy indeed.

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<sup>45</sup> Delivered at the Closing Joint Session of the Boards of Governors, October 1, 1948.

Many of you who have been visitors to Washington for this occasion will now prepare to return toward your homes as our sessions come to a close. May I say for the representatives of the United States that with you goes our warmest appreciation of the spirit in which you have participated in these meetings and, in addition, our warmest friendship.

ADDRESS BY THE GOVERNOR OF THE FUND AND BANK FOR EGYPT <sup>46</sup>

Ahmed Zaki Bey Saad

Mr. Chairman, I should like to take this opportunity to make a few remarks at this concluding session of the Third Annual Meeting of the Fund and the Bank. I am sure that all of us have been greatly encouraged by the discussions we have had here, and will feel renewed confidence in the ability of our two institutions to carry out their work effectively in the coming years.

As a representative of a Middle Eastern country, I noted with great satisfaction the increasing attention being given to the problems of development. It is needless to say that our countries regard the expansion of the Bank's activities in the field of development loans as a matter of particular importance to us. We regard the policies of the Fund as expressed many times here as affording to our countries hope that an international monetary system will eventually be established which will provide the basis for expanding international trade and flow of capital in an environment free from discrimination and restraint. In this expanding world economy, the countries of the Middle East can hope to proceed more rapidly with their programs of industrialization and diversification.

I should like to emphasize that, although a considerable period of time must necessarily elapse before the objectives of the Fund

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<sup>46</sup> Delivered at the Closing Joint Session of the Boards of Governors, October 1, 1948.



and the Bank can be fully achieved, for the peoples in our countries any unnecessary delays are to be deplored. We recognize realities, but part of the realities must be the firm conviction and intention to do all that is possible, as quickly as possible, to help raise the standard of living of the people in the Middle East.

Mr. Chairman, I should like to express my congratulations to you on the manner in which you have conducted these meetings. All of us are appreciative of your willingness to preside over our meetings and to give us the benefit of your wisdom and experience.

I should also like to thank the President of the Bank, the Managing Director of the Fund, my colleagues the Executive Directors, and the members of the Staff and Secretariat of these institutions for the work which they have done in organizing these sessions and helping to make them the success which they have been.

I am sure that all would join with me in saying that our deliberations here have been most useful and instructive, and that we are all looking forward to having the opportunity to meet again next year at the Fourth Annual Conference.

Mr. Chairman and Gentlemen, today this Board of Governors have honored the memory of Dr. Harry D. White, whose vision and foresight have contributed much to make these institutions a reality. This Board has expressed its profound sorrow because of his death. I am sure that the Executive Directors are doing and will do their part to honor their great former colleague.

Mr. Chairman, thank you again for everything you have done for the success of this meeting.

ADDRESS BY THE GOVERNOR OF THE BANK FOR BELGIUM <sup>47</sup>

Gaston Eyskens

Mr. Chairman, we are concluding four days of work amongst

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<sup>47</sup> Delivered at the Closing Joint Session of the Boards of Governors, October 1, 1948.

the greenery of Washington. Our proceedings have progressed smoothly and rapidly and, nevertheless, some important and necessary work has been done. By doing so, we have also set a very good example which might well inspire other international groups the world over. And, at the same time, we have been, like every year on this occasion, able to have many useful contacts in the fields of financial and economic cooperation.

The smoothness of our proceedings is due in the first place to the excellent preparatory work that was done by the Boards of Directors and the staffs of the two organizations, but also it is due, I believe, to the very beautiful and peaceful atmosphere that rises from Rock Creek Park and has engulfed the whole of the Shoreham Hotel.

But, above all, we were all so well received from the very moment we landed on American territory that we all were very much impressed by the wonderful hospitality we have received. I could not start enumerating all those who have done their utmost to make things pleasant for us.

But, I would like to single out the host government, Gentlemen, to express the feelings of all the Governors and of the members of all the delegations present in expressing our sincere thanks to the American Government and, in particular, to the Secretary of the Treasury, Mr. John Snyder, for the many attentions with which they succeeded in making this conference a very pleasant and successful reunion.

ADDRESS BY THE GOVERNOR OF THE FUND AND BANK FOR CANADA <sup>48</sup>

Douglas Charles Abbott

Mr. Chairman, before this annual meeting concludes its deliberations, I should like to say a word of appreciation of the work of two great international figures. The Bank and Fund together

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<sup>48</sup> Delivered at the Closing Joint Session of the Boards of Governors, October 1, 1948.

constitute a unique experiment in economic cooperation. They operate under a system of representation which gives every member country its rightful opportunity to influence the course of their operations.

That means that somehow or other the Bank and the Fund, each working in its separate field, must endeavor to harmonize the interests of some 47 member countries. At the same time, these two institutions have been launched into a world affected by greater storms and stresses than anything that had been anticipated when the blueprints were first drawn up at Bretton Woods.

In spite of these difficulties, it is evident to all of us, I think, that the Bank and the Fund have been able to make a most noteworthy contribution to the solution of the world's economic ills during the last two years and are now a firmly established part of the international monetary and financial mechanism.

No small part of the credit for these results must be given to the two men who guide the active day-to-day operations of the Bank and the Fund, Mr. McCloy and Mr. Gutt. It is one thing for the member governments represented around this table to provide the Bank and the Fund with the power and resources needed to perform their functions. It is another thing to establish and operate such institutions smoothly, effectively and fairly so as to command the support and respect of all member nations.

On this plane, much depends upon the personalities and abilities of those in command of the twin institutions, and I feel certain that I am expressing the sentiment of all of us around this table when I say that in these respects the Bank and the Fund have been particularly fortunate.

Mr. Gutt and Mr. McCloy have each of them succeeded in getting together a competent and efficient organization capable, as the record has already demonstrated, of making an impressive contribution to the financial and economic tasks of member countries. By their frequent visits and their personal contacts with member governments—and I hasten to pay tribute to their

untiring efforts in that regard—Mr. Gutt and Mr. McCloy have earned for the Fund and the Bank the confidence of us all and have already assured these institutions of a position of prime importance in the field of international collaboration.

The Fund and the Bank are indeed fortunate in having here two men at the head of these two organizations such as Mr. Gutt and Mr. McCloy. I think we are all very conscious of the ability, energy and fairmindedness which the President and the Managing Director have brought to their tasks. And, in saying so, I know I have the support of all my fellow Governors.

#### CLOSING REMARKS OF THE CHAIRMAN <sup>49</sup>

The Honorable Yun-wu Wang

Gentlemen, we are about to bring the sessions of the Third Annual Meeting of the Boards of Governors of the Fund and the Bank to a close. I would like to express the gratitude of my Government and myself for the honor bestowed upon China in my being designated the Chairman of the Boards of Governors of these institutions during the past year.

Our meetings this week have been conducted with the grace and efficiency which have come to characterize our annual conferences. Much of the credit for this is due to the splendid preparation by the Executive Directors, Mr. Gutt, Mr. McCloy, and their staffs. I would like to join with the others in expressing my appreciation to the Secretaries of this conference and to the members of the Secretariat. In a quiet and dignified fashion they have provided the machinery which has enabled the conference to move quickly and surely from problem to problem.

Our sessions this week have clearly demonstrated the progress made in international financial cooperation. In all our discussions we found the Governors willing and eager to participate. More-

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<sup>49</sup> Delivered at the Closing Joint Session of the Boards of Governors, October 1, 1948. Address delivered at the Opening Joint Session is on page 2.

over, the delegates have been willing to air their differences with the Fund and the Bank as well as to engage in the exchange of views, in which respect moderation and good-will were shown by all. Even when conflicts over various aspects of Fund and Bank policy were being voiced, it was done in such a way as to indicate that all had at heart the successful functioning of our two institutions as well as the welfare of their own countries. Our discussions have demonstrated that, as long as countries retain common objectives in the international monetary and investment fields, they can come together and discuss their differences with cordiality and amiability.

The accomplishments of these meetings have indeed been many. This is perhaps not the occasion to review these in detail, but a brief mention of them may well be in order.

Among the principal accomplishments of our discussions here is that the Executive Boards have been given guidance on many questions of basic importance, such as exchange rates and exchange practices, gold policies, the need for expanding intra-European trade, and the desirability of more development loans.

Among these suggestions on policy have also been matters which have hitherto not received much attention by the Fund and the Bank, such as the disposition of the local currency proceeds of International Bank loans. It is gratifying that Mr. Gutt and Mr. McCloy have both shown eagerness to receive these suggestions and have assured us that they will receive the fullest attention of their staffs.

We may be confident from past experience that the Executive Directors, the managements and the staffs of our two institutions will be able to translate the views and suggestions which have been made into practical measures and will succeed, where-ever necessary, in obtaining the cooperation of our member countries in the adoption of these measures.

As a result of our meetings this week, the Executive Boards and the managements of the Fund and the Bank can feel assured

that they enjoy the confidence of all member countries. This should indeed prove to be an important factor in encouraging the Fund and the Bank to forge ahead courageously and vigorously in coping with their many problems. The representatives of all the member countries have emphasized that our member countries are eager to have these institutions succeed; that our member countries are well aware of the tremendous difficulties and handicaps under which these institutions necessarily operate; and that our member countries feel that the Executive Directors and the managements of these institutions must be free to exercise their judgments in dealing with new and complex problems. We do not expect perfection, since none of us is free from error. We do expect flexibility, a willingness to learn, and a sympathetic attitude towards the problems of member countries. These qualities are already possessed by the Fund and Bank in great measure.

In times such as these, it is easy to get discouraged. We hope that, as a result of our meetings here, those to whom we have entrusted the responsibility of carrying forth the work of these institutions on a continuous basis will retain that degree of self-confidence necessary to carry on effectively their work here.

Another major accomplishment of these meetings is that to the Governors of the Fund and the Bank these discussions have given a fuller appreciation of the problems of member countries and of the potentialities of these two international institutions. We have received concrete suggestions on how member countries can help make these institutions more effective. For example, we have received the excellent suggestion of the President of the Bank on ways and means of increasing the resources, and thereby the lending capacity, of the Bank by raising funds in markets outside of the United States. I am sure that all of us will bring these suggestions to the attention of the proper authorities in our own countries and do our utmost to promote their acceptance by the peoples of our countries and their governments.

We can carry back the conviction frequently expressed here that these institutions are effective instruments of international financial cooperation, and that countries serve their own interests best by participating most fully in these organizations. We can convey to our people the eagerness of the managements and staffs of these organizations to be of help in a practical and sympathetic manner.

Perhaps the most important accomplishment of these sessions is in helping to overcome the misunderstandings about the policies of the Fund and the Bank prevalent in a number of member countries. Whether it was the fear of the Fund's being too doctrinaire in its policy on exchange rates, or the fear that the Bank was, to some extent, influenced by political considerations in making loans, these and other fears can be overcome by our transmitting to those concerned the explanation of the true bases of the policies adopted by the Fund and the Bank which we have been given here. As a representative of China, I would like to express my particular gratification at the deep sense of understanding shown by all member countries for the problems and aspirations of the less developed countries.

Among the responsibilities we have fulfilled this week has been the election of new Boards of Executive Directors. I am sure that I speak for all in expressing our appreciation to those Executive Directors who have served so conscientiously and well during the last two years and who are now departing to enable representatives of other countries to sit in their places. These departing Executive Directors have done much to build the fine traditions which we have come to associate with the Bank and the Fund. I am sure that their efforts will be an inspiration to the new Executive Directors who have come in to pick up where they are leaving off. We are happy that a number of our Executive Directors will continue to serve as Executive Directors, since the accumulated experience and continuity which they

will provide will be of the greatest usefulness to their organizations.

As I have said before, the year ahead will undoubtedly be a busy one. I am sure that when we meet again in Washington we will have made even further progress in world reconstruction and development and that, in the making of this progress, the Fund and the Bank will have played increasingly important roles.

Gentlemen, with these concluding remarks, the Third Annual Meeting of the Boards of Governors of the Fund and the Bank is called to a conclusion.



APPENDIX B

SECOND REGULAR ELECTION OF EXECUTIVE  
DIRECTORS <sup>50</sup>

REPORT OF THE EXECUTIVE DIRECTORS

1. Section 3 (d) of Article XII of the Articles of Agreement of the Fund provides that elections of elective Directors shall be conducted at intervals of two years. The first election of Executive Directors was held at the Inaugural Meeting of the Board of Governors at Savannah, Georgia, in March 1946, and Resolution No. 4 adopted at that meeting provided in part that, "the next regular election of the Executive Directors shall take place at the annual meeting of the Board of Governors in September 1948."

*Number of Executive Directors to be Elected at Second Regular Election*

2. Section 3 (b) of said Article XII provides that there shall be not less than twelve Executive Directors, of whom

(i) five shall be appointed by the five members having the largest quotas;

(ii) not more than two shall be appointed when the provisions of Article XII, Section 3 (c) apply;

(iii) five shall be elected by the members not entitled to appoint directors, other than the American Republics; and

(iv) two shall be elected by the American Republics not entitled to appoint directors.

3. Section 3 (b) of said Article XII further provides that, "When governments of other countries become members, the Board of

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<sup>50</sup> Resolution, approving the Report and adopting the rules for the conduct of the Election, was recommended by the Procedures Committee and adopted by the Board of Governors at Session No. 1, September 27, 1948 (Resolution No. 3).

Governors may, by a four-fifths majority of the total voting power, increase the number of directors to be elected."

4. Resolution No. 10, adopted by the Board of Governors at its Inaugural Meeting, provides in substance that, if at any time before the second election of Executive Directors, the governments of one or more countries not listed in Schedule A of the Articles of Agreement have been admitted to membership and the members not entitled to appoint Executive Directors whose votes are not included in those entitled to be cast by Executive Directors then holding office have votes totalling 4,000 there "shall be one additional Executive Director who shall hold office until the second election of Executive Directors."

5. Since the first election of Executive Directors and the adoption of Resolution No. 10, the governments of the following countries not theretofore members of the Fund have become members (countries indicated with an asterisk were listed in Schedule A of the Articles of Agreement):

<i>Country</i>	<i>Number of votes</i>	<i>Date of Admission</i>
*Denmark	930	March 30, 1946
*Venezuela	400	December 30, 1946
Turkey	680	March 11, 1947
Italy	2,050	March 27, 1947
Syria	315	April 10, 1947
Lebanon	295	April 14, 1947
*Australia	2,250	August 5, 1947
Finland	630	January 14, 1948
Austria	750	August 27, 1948

6. On April 29, 1947, the Executive Directors, having determined that the conditions of Resolution No. 10 had been fulfilled, ordered the election of an additional and thirteenth Executive Director, and the election was completed on May 14, 1947.

7. The Board of Governors, by Resolution No. 2-8 adopted at its Second Annual Meeting, provided for the election of a

fourteenth Executive Director after December 31, 1947, to "hold office from his election until the second election of Executive Directors." Pursuant to that resolution, the election of the fourteenth Executive Director was ordered by the Executive Directors on January 6, 1948, and was completed on January 30, 1948.

8. There are, therefore, fourteen Executive Directors of the Fund, of whom nine have been elected, two of them at interim elections held since the first election of Executive Directors.

9. The Executive Directors have considered the question of the number of Executive Directors to be elected at the Second Regular Election of Executive Directors, and have concluded that it would be in the best interests of the Fund and its members if the number of Executive Directors to be elected at that election should be nine, seven of them being elected under Article XII, Section 3 (b) (iii) and two under Article XII, Section 3 (b) (iv).

#### *Repeal of Resolution No. 10*

10. The above-mentioned Resolution No. 10, adopted by the Board of Governors at its Inaugural Meeting, by its terms applies only to the period prior to the second election of Executive Directors. The Executive Directors believe that there is no longer any necessity for the election of additional Executive Directors between regular elections. While, by its terms, said Resolution No. 10 will not be applicable after the second regular election of Executive Directors, in order that there may not be any misunderstanding in that regard, it is recommended that said resolution be repealed.

#### *Adjustments in Percentages of Votes Required for Election*

11. If nine Executive Directors are to be elected at the second regular election of Executive Directors, certain adjustments will be necessary in the minimum and maximum percentages pro-

vided in Schedule C. The Executive Directors, therefore, recommend the following adjustments:

- (a) The percentage of eligible votes required for election as specified in paragraphs 2 and 5 of Schedule C shall be 13%; and
- (b) The maximum percentage of eligible votes for any one nominee as specified in paragraphs 3, 4 and 5 of Schedule C shall be 15%.

#### PROPOSED RULES FOR THE CONDUCT OF ELECTION

1. *Definitions.* Whenever used in these rules, unless the context shall otherwise require, the following terms shall have the respective meanings hereinafter set forth:

- (a) The term “Articles” means the Articles of Agreement of the Fund.
- (b) The term “Schedule C” means Schedule C of the Articles with the adjustments specified in these rules.
- (c) The term “Board” means the Board of Governors of the Fund.
- (d) The term “Chairman” means the Chairman of the Board of Governors or a Vice-Chairman who may at the time in question be presiding as Chairman of the Board.
- (e) The term “Governor” includes the Alternate Governor and any Temporary Alternate Governor designated in accordance with Sec. 12 of the By-Laws, when acting for the Governor.
- (f) The term “Secretary” means the Secretary of the Fund.
- (g) The term “election” means the second regular election of Executive Directors.
- (h) The term “meeting” means the meeting of the Board at which the election is held.

2. *Date of Election.* The election shall be held at the Third Annual Meeting of the Board at a time to be arranged by the Secretary in consultation with the Chairman.

3. *Schedule C.* Subject to the adjustments hereinafter set forth, the provisions of Schedule C of the Articles shall apply to the conduct of the election.

4. *Number of Executive Directors to be elected under Art. XII, Sec. 3(b)(iii).* At such election seven Executive Directors shall be elected under Art. XII, Sec. 3 (b) (iii).

5. In view of the number of Executive Directors to be elected under Art. XII, Sec. 3 (b) (iii),

(a) The percentage of the eligible votes required for election as specified in paragraphs 2 and 5 of Schedule C shall be thirteen percent;

(b) The maximum percentage of eligible votes for any one nominee as specified in paragraphs 3, 4 and 5 of Schedule C shall be fifteen percent.

6. *Nominations.*

(a) Candidates for election as Executive Directors shall be eligible for election only if nominated by one or more Governors.

(b) All nominations shall be made on a Nomination Form to be obtained from the Office of the Secretary and each such form shall be signed by the Governor or Governors nominating the candidate.

(c) A Governor may not nominate more than one candidate.

(d) Nominations shall be closed when the Chairman announces the list of candidates immediately before the balloting begins.

7. *Tally Sheets.* Prior to the election, the Secretary shall prepare Tally Sheets which will be posted at the Meeting and distributed to each Governor.

8. *Form of Ballot.* The Secretary shall prepare and have available prior to the election a sufficient number of ballot forms.

9. *Supervision of the Election.* The Chairman shall supervise

the election and shall appoint such tellers and other assistants as he deems necessary.

10. *Distribution of Ballots.* One ballot form shall be furnished to each Governor eligible to vote immediately before a ballot is taken. On any particular ballot only ballot forms so distributed shall be eligible to be counted.

11. *Balloting—Order.* The first ballot shall be simultaneous balloting of all the Governors entitled to participate in the election of seven directors under Article XII, Section 3 (b) (iii) and all of the American Republics entitled to participate in the election of two directors under Article XII, Section 3 (b) (iv). The balloting for the seven directors elected under Article XII, Section 3 (b) (iii) shall then be concluded before any further ballots are taken for the two directors to be elected by the American Republics.

12. *Balloting—General.* Each ballot shall be taken as follows:

(a) The roll of eligible Governors shall be called in the alphabetical order of the members represented by such Governors.

(b) Immediately after a member's name is called, the Governor for such member shall deposit his signed ballot in a ballot box which shall be provided for the purpose.

(c) When the roll call shall have been completed and the ballots shall have been cast, the Chairman shall cause the ballots to be counted and shall announce (i) the names of the members whose Governors voted for each nominee and the total number of votes received by such nominee, (ii) the name of each person elected, together with the names of the members whose votes counted towards his election under Schedule C, paragraphs 3, 4 and 7, and (iii) the names of the members whose Governors are eligible to vote on the next ballot.

(d) In the event that the tellers shall be of the opinion that any particular ballot is not properly executed, they shall,

if possible, afford the Governor casting such ballot an opportunity to correct it before tallying the results; and such ballot, if so corrected, shall be deemed to be a valid ballot.

13. *Recess.* After any ballot, the Chairman may recess the meeting for such period as he may deem necessary, if in his opinion such action will facilitate the election.

14. *Balloting—Second and Following Ballots for Election of Seven Executive Directors under Article XII, Section 3(b)(iii).*

(a) If, as a result of any ballot and the preceding ballots (if any), seven Executive Directors shall not have been elected, a succeeding ballot shall be taken. The Governors eligible to vote on such succeeding ballot shall be only (i) those Governors who voted on the preceding ballot for any nominee not elected, and (ii) those Governors whose votes for a nominee elected on the preceding ballot are deemed under paragraph 4 of Schedule C to have raised the votes cast for such nominee above 15 percent of the eligible votes.

(b) The votes of a Governor shall be deemed under paragraph 4 of Schedule C to have raised the total votes cast for a nominee over 15 percent of the eligible votes if without the votes of such Governor such total shall be more than 13 percent of the eligible votes and if with the votes of such Governor such total shall be more than 15 percent of the eligible votes.

(c) If on any ballot two or more Governors having an equal number of votes shall have voted for the same nominee and the votes of one or more, but not all, of such Governors could be deemed under paragraph 4 of Schedule C to have raised the total votes received by such nominee above 15 percent of the eligible votes, the Chairman shall determine by lot the Governor or Governors, as the case may be, who shall be eligible to vote on the next ballot.

15. *Balloting—Second and Following Ballots for Election of*

*Two Executive Directors under Article XII, Section 3(b)(iv).*  
The election of two Executive Directors under Article XII, Section 3 (b) (iv) shall be conducted in accordance with the procedure set forth in paragraph 7 of Schedule C.

*16. Elimination of Nominees.*

(a) If two or more nominees shall receive the lowest number of votes within the meaning of Schedule C, paragraph 3 or 7, no nominee shall be dropped from the next succeeding ballot, but if the same situation shall continue on such succeeding ballot, the Chairman shall eliminate by lot one of such nominees from the next succeeding ballot.

(b) When on any ballot the number of nominees shall not exceed the number of Executive Directors remaining to be elected, each nominee shall be deemed to be elected by the number of votes received by him on such ballot; provided, however, that if on such ballot the votes of any Governor shall be deemed under paragraph 4 of Schedule C to have raised votes cast for any nominee above 15 percent of the eligible votes, no nominee shall be deemed to have been elected who shall not have received on such ballot the required percentage of votes under these rules and a succeeding ballot shall be held on which all nominees not elected on the preceding ballot shall be eligible.

*17. Abstention from Voting.*

(a) If a Governor shall abstain from voting on any of the ballots held for the election of seven directors to be elected under Article XII, Section 3 (b) (iii), he shall be ineligible to vote on any subsequent ballot, and his votes shall not be counted, within the meaning of Article XII, Section 3 (i) as counting towards the election of any Executive Director; provided, however, that if such abstention shall have first occurred on the last ballot of the election, the votes of such Governor



shall be deemed to have been cast for the election of the Executive Director elected on such ballot by the least number of votes.

(b) If a Governor shall abstain from voting on any of the ballots held for the election of two directors to be elected under Article XII, Section 3 (b) (iv), he shall remain eligible to vote on subsequent ballots.

18. *Effective Date of Election of Executive Directors.* The effective date of the election shall be November 1, 1948. Incumbent elected Executive Directors shall serve through the day preceding such date.

19. *General.* Any question arising in connection with the conduct of the election shall be resolved by the tellers, subject to appeal, at the request of any Governor, to the Chairman and from him to the Board. Whenever possible, any such question shall be put in general terms without identifying the members concerned.

#### RESULTS OF ELECTION

At the election held at the Board of Governors Session No. 4, September 30, 1948, the following Executive Directors were elected in accordance with the rules adopted by the Board of Governors at Session No. 1, September 27, 1948 (*see* preceding section).

The newly elected Directors<sup>51</sup> will cast votes of the countries which elected them, as follows:

<i>Director</i>	<i>Casting Votes of</i>
J. W. Beyen	Netherlands
(Netherlands)	Norway
Guido Carli	Austria
(Italy)	Greece
	Italy

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<sup>51</sup> For Executive Directors holding office prior to the election, *see* Third Annual Report, Appendix XII.

<i>Director</i>	<i>Casting Votes of</i>
Carlos A. D'Ascoli (Venezuela)	Colombia Costa Rica Cuba Ecuador El Salvador Guatemala Mexico Panama Venezuela
S. G. McFarlane (Australia)	Australia Union of South Africa
Octavio Paranagua (Brazil)	Bolivia Brazil Chile Dominican Republic Honduras Nicaragua Paraguay Peru Uruguay
Louis Rasminsky (Canada)	Canada Iceland
Ahmed Zaki Bey Saad (Egypt)	Egypt Ethiopia Iran Iraq Lebanon Philippine Republic Syria Turkey

<i>Director</i>	<i>Casting Votes of</i>
Ernest de Selliers (Belgium)	Belgium Denmark Luxembourg
Bohumil Sucharda (Czechoslovakia)	Czechoslovakia Finland Poland Yugoslavia

In addition to the nine elected Directors, there are also five Directors who are appointed by member countries having the largest quotas, namely United States (A. N. Overby), United Kingdom (G. L. F. Bolton), China (Yee-Chun Koo), France (Jean de Largentaye) and India (J. V. Joshi).

## APPENDIX C

### PROPOSED CONVENTION ON PRIVILEGES AND IMMUNITIES OF THE SPECIALIZED AGENCIES

#### LETTER OF TRANSMITTAL

September 3, 1948

Dear Mr. Chairman:

The General Assembly of the United Nations has approved a Convention on the Privileges and Immunities of the Specialized Agencies, and has proposed its acceptance by the Specialized Agencies and accession to it by all members of the United Nations and all other members of the respective Specialized Agencies. Representatives of the Fund and the other Specialized Agencies consulted with the Secretary-General of the United Nations in the preparation of this Draft Convention.

The Subcommittee of the General Assembly of the United Nations, which prepared the Convention, assumed that the requested approval of the Specialized Agencies would be granted by their respective governing bodies. It is the view of the Executive Directors, however, that formal approval by the Board of Governors is not necessary since the Fund will not be a party to the Convention. The Governors need not, therefore, engage in a detailed consideration of the Draft Convention. The Privileges and Immunities now available to the Fund, its Governors, Executive Directors, Alternates, officers and employees will not be diminished by the adherence of members to the proposed Convention, but will in some respects be enlarged thereby.

The Executive Directors intend to approve the Convention together with an Annex which, as modified from a draft annex suggested to the Fund by the General Assembly of the United Nations, reconciles the Convention with the Articles of Agreement of the Fund. The Executive Directors are furnishing the

Convention <sup>52</sup> to the Governors for their information with the hope and the expectation that they will call it to the attention of their governments in order to encourage accession by their governments to the Convention and the enclosed Draft Annex relating to the Fund.

Sincerely yours,

GUTT

Chairman of the Executive Board

Chairman of the Board of Governors

Third Annual Meeting

International Monetary Fund

ANNEX <sup>53</sup>

THE INTERNATIONAL MONETARY FUND

In their application to the International Monetary Fund (hereinafter called "the Fund"), the standard clauses shall operate subject to the following provisions:

1. The following shall be substituted for Section 9:

"(a) The Fund, its assets, property, income and its operations and transactions authorized by its Articles of Agreement shall be immune from all taxation and from all customs duties. The Fund shall be immune from prohibitions and restrictions on imports and exports in respect of articles imported or exported for its official use and in respect of its publications. The Fund shall also be immune from the collection or payment of any tax or duty.

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

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<sup>52</sup> The Document was considered by the Procedures Committee and recommended for submission to the Board of Governors for their information only.

<sup>53</sup> As modified by the Executive Directors of the Fund.

“(i) Which discriminates against such obligation or security solely because of its origin; or

“(ii) If the sole jurisdictional basis for such taxation is the place or currency in which it is issued, made payable or paid, or the location of any office or place of business maintained by the Fund.”

2. The following shall be substituted for Section 19 (b):

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

3. Section 32 of the standard clauses shall only apply to differences arising out of the interpretation or application of privileges and immunities which are derived by the Fund from this Convention and are not included in those which it can claim under its articles or otherwise.

4. None of the provisions of the standard clauses or of this Annex shall be deemed to modify or amend the Articles of Agreement of the Fund or to impair or limit any of the rights, immunities, privileges or exemptions conferred upon the Fund or any of its members, Governors, Executive Directors, Alternates, officers or employees by the Articles of Agreement of the Fund, or by any statute, law or regulation of any member of the Fund or any political subdivision of any such member, or otherwise.

APPENDIX D  
ESTABLISHMENT OF AN INTERNATIONAL  
TRADE ORGANIZATION

LETTER OF TRANSMITTAL

August 31, 1948

Dear Mr. Chairman:

I have the honor to submit herewith for the information of the Board of Governors, the report<sup>54</sup> of the Executive Directors on the developments concerning the establishment of an International Trade Organization and the formulation of arrangements for cooperation between the Fund and that organization.

Sincerely yours,

GUTT

Chairman of the Executive Board

Chairman of the Board of Governors

Third Annual Meeting

International Monetary Fund

REPORT OF THE EXECUTIVE DIRECTORS<sup>55</sup>

In the Second Annual Report of the Executive Directors to the Board of Governors, mention was made of the developments concerning the establishment of an International Trade Organization (ITO).

In response to an invitation of the Economic and Social Council of the United Nations, the Fund participated actively in the meetings at which the ITO Charter was drafted and contributed to the formulation of practicable arrangements for cooperation between the Fund and the ITO. The Fund's representatives attended a series of conferences in which a Preparatory Committee drew up a draft constitution for the ITO. They also took part in the United Nations Conference on Trade and Employ-

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<sup>54</sup> The Report was considered by the Procedures Committee and recommended for submission to the Board of Governors for their information only.

<sup>55</sup> See also Third Annual Report, pp. 52-54.

ment at Havana between November 1947 and March 1948 in which 57 nations drew up the Charter for an International Trade Organization. A copy of the report of the Fund's representative on the work of the Fund's delegation to the Havana Conference is submitted for the information of the Board of Governors.

Without cooperation between the ITO and the Fund, the purposes of both organizations may well be defeated. To ensure such cooperation the Havana Charter provides for full consultation with the Fund. Moreover, the Charter provides that the ITO, before reaching its final decisions on whether quantitative restrictions are consistent with the provisions of the Charter, shall accept the determination of the Fund as to what constitutes a serious decline in a member's monetary reserves, very low monetary reserves, and a reasonable rate of increase in a member's monetary reserves, and in respect to the financial aspects of other matters covered in consultation in such cases. Finally, the Charter provides that, in the consultations with the Fund, the ITO shall accept all findings of statistical and other facts presented by the Fund relating to foreign exchange, monetary reserves and balance of payments and shall accept the determination of the Fund whether action by a member of the ITO with respect to exchange matters is in accordance with the Fund Articles of Agreement, or with the terms of a special exchange agreement entered into between the member and the ITO.

It is anticipated that most members of the ITO will also be members of the Fund. However, such common membership is not specifically provided for in the Charter. Accordingly, ITO members which are not also members of the Fund are required in the Charter to enter into a special exchange agreement with the ITO, in order to prevent their exchange actions from frustrating the objectives of the Charter.

It may be noted here that twenty-three nations, whose trade constitutes the major part of world trade, negotiated in the course of 1947 a reduction of trade barriers and established, through



the General Agreement on Tariffs and Trade, an organization which is already operating and which will continue to operate until it is superseded by the coming into existence of the ITO.

In the opinion of the Executive Directors both the Charter of the ITO and the General Agreement on Tariffs and Trade provide a satisfactory basis for cooperation with the Fund. Discussions are now taking place concerning temporary arrangements with the Interim Commission of the ITO and with the Contracting Parties of the General Agreement on Tariffs and Trade in respect to the procedure of cooperation between the two institutions. The Executive Directors will keep the Board of Governors informed on further developments and will submit for the approval of the Board of Governors any proposals for agreements of a permanent nature.

APPENDIX E  
EXPLANATION OF CHANGES IN RULES AND  
REGULATIONS <sup>56</sup>

September 3, 1948

Dear Mr. Chairman:

In accordance with Section 16 of the By-Laws, the changes in the Rules and Regulations set forth in the attached proposed Resolution are submitted for review by the Board of Governors. The changes were adopted by the Executive Directors on August 14, 1947, January 15, February 11, February 20, March 8, and July 30, 1948.

The following is a brief explanation of the changes made:

*Amendments*

1. *B-1.* This section was amended to provide that the term "Executive Director", except where otherwise specified, shall include the Alternate or the temporary Alternate, as the case may be. The revision was agreed on August 14, 1947, provided the Board of Governors adopted the Executive Board's recommendation for amendment of By-Law 14 (d) to provide for the appointment of temporary Alternate Executive Directors. The Board of Governors took such action at the Second Annual Meeting.

2. *B-8.* This section on holidays was amended to accord with the practice followed by the host Government.

3. *C-3.* This revised rule expresses the practice with respect to attendance at Meetings of the Executive Board of those staff members indicated by the Chairman.

4. *I-4.* Under Article V, Section 8 (c) or (d), members are required to pay charges on the balances of their currencies held by the Fund in excess of their quotas. These charges increase

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<sup>56</sup> The changes in Rules and Regulations were reviewed by the Committee on Rules and Regulations. *See also* Resolution No. 7, adopted by the Board of Governors at Session No. 4, September 30, 1948.

as the Fund's holdings increase, and they also increase as the period of time lengthens over which the balances are held by the Fund. This rule specifies the time for making these payments and the manner in which the amount to be paid will be calculated.

5. *I-5*. Under Article V, Section 8 (f), certain charges must be paid in gold, but a member may pay part in its own currency if its monetary reserves bear a specified ratio to its quota. The purpose of the amendment to this rule is to provide a procedure under which members may take advantage of the privilege to pay part of the charges in their own currency.

6. *I-8*. This rule deals with the payment of charges connected with sales of gold to the Fund or purchases of gold from the Fund. The rule has been amended in order to clarify the fact that the charges connected with these transactions which are subject to Article V, Section 8 (f) do not include certain costs which must be reimbursed to the Fund.

7. *J-4*. This section was modified to provide that the Managing Director present an annual administrative budget to the Executive Board for approval not later than April 1 of each year. The revision was in consequence of the change in the commencement of the Fund's fiscal year from July 1 to May 1 of each year.

8. *N-15*. Under the modified rule, all travel by the staff is authorized by the Managing Director, with the exceptions specified in the rule.

#### *Additions*

1. *G-6*. This rule provides for the payment by members of the costs of moving gold to the Fund's nearest gold depository where the Fund accepts gold from the member elsewhere. These costs are not subject to Article V, Section 8 (f). The new rule, therefore, is included under heading "G—Fund Transactions" instead of under "I—Repurchases and Charges" as was the case formerly, i.e., in *I-3*, which has now been eliminated.

2. G-7. This rule deals with estimated costs to be reimbursed to the Fund when a member sells gold to the Fund pursuant to Article V, Section 6 (a). The explanation for this rule is the same as for G-6, save that formerly this matter was governed by I-8.

*Deletion*

1. I-3. This rule was eliminated when the new rule G-6 incorporating its substance was adopted.

Sincerely yours,

GUTT

Chairman of the Executive Board

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

CHANGES IN 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 changes in the Rules and Regulations and has no modifications to suggest:

I. AMENDMENTS

**Section B-1**

Amended text adopted August 14, 1947:

“Executive Director, except where otherwise specified, shall include the Alternate or the temporary Alternate, as the case may be.”

[Former text:

“Executive Director, except where otherwise specified, shall include the Alternate.”]

### **Section B-8**

**Amended text adopted March 8, 1948:**

“Business day refers to the normal working hours of the Fund, 9:00 a.m. to 5:30 p.m. at the official time for the District of Columbia, on Monday through Friday of each week with the following exceptions (which will include the succeeding Monday whenever one of the dates below falls on a Sunday):

January 1  
February 22  
May 30  
July 4  
First Monday in September  
November 11  
Fourth Thursday in November  
December 25”

**[Former text:**

“Business day refers to the normal working hours of the Fund, 9:00 a.m. to 5:30 p.m. at the official time for the District of Columbia, on Monday through Friday of each week with the following exceptions:

January 1  
February 22  
May 30  
July 4  
First Monday in September  
November 11  
Fourth Thursday in November  
December 25”]

### **Section C-3**

**Amended text adopted January 15, 1948:**

“Meetings of the Executive Board shall be open to attendance by the Secretary and such members of the staff as the Chairman

indicates. At the request of the Chairman or any Executive Director meetings may be held in executive session, or the Executive Board may determine which particular members of the staff may attend any session."

[Former text:

"Except by consent of the Executive Directors present, meetings shall be open to attendance only by Executive Directors, the Managing Director, the Secretary and such members of the secretariat as the Chairman indicates."]

#### **Section I-4**

Amended text adopted July 30, 1948:

"(a) As soon as possible after July 31, October 31, January 31, and April 30, the Fund shall notify each member of the charges it owes to the Fund pursuant to Article V, Section 8 (c) or (d), for the three calendar months ending on each such date. These charges shall be payable within ten days after receipt of such notice.

"(b) Such charges payable by each member shall be computed on the basis of the 'average of the holdings' which, as used in this section, means the average daily balances of its currency held by the Fund in excess of its quota calculated as follows:

"(i) At the end of each calendar month there shall be averaged for each member the daily amounts by which the Fund's holdings of its currency on the Fund's books at the close of each day during that month have exceeded its quota on each such day;

"(ii) The Fund's holdings of each member's currency shall consist of all of its currency except amounts, not in excess of 1/100 of 1% of the member's quota, in a special account to meet administrative expenses.

“(c) The period of time during which the Fund’s holdings of a member’s currency have been at a particular level shall be the continuous period of time during which the average of the holdings has not fallen below that level, and, in determining periods of time for the application of the charges, changes in the average of the holdings shall affect the calculation of time periods in the following way:

“(i) Each increase in the average of the holdings shall create a new segment of the holdings which will be equal to the amount of the increase and the period of time during which each segment is held shall be measured from the beginning of the month in which the increase in the average of the holdings occurs.

“(ii) Each decrease in the average of the holdings shall terminate the period of time during which the holdings have been in excess of the new average and the period of time shall terminate at the end of the month preceding that in which the decrease in the average of the holdings occurs.

“(d) (i) The charge to be levied on each segment to the extent that it is within the first bracket of 25 per cent in excess of the quota shall be nil for the first three months,  $\frac{1}{2}$  per cent for the next nine months, 1 per cent for the second year, and an additional  $\frac{1}{2}$  per cent for each subsequent year.

“(ii) The charge to be levied on each segment to the extent that it is within the second bracket of more than 25 per cent and not more than 50 per cent in excess of the quota shall be 1 per cent for the first year and an additional  $\frac{1}{2}$  per cent for each subsequent year.

“(iii) The charge to be levied for the first year on each segment, to the extent that it is within each higher 25 per cent bracket in excess of the quota, shall be  $\frac{1}{2}$  per cent higher than that levied for the first year in the next lower

bracket and an additional  $\frac{1}{2}$  per cent for each subsequent year."

[Former text:

"At quarterly intervals the Fund shall notify each member of the charges due to the Fund pursuant to Article V, Section 8 (c) or (d) on the balance of its currency held by the Fund in excess of its quota. These charges shall be paid within ten days after receipt of such notice."]

### **Section I-5**

Amended text adopted July 30, 1948:

"(a) If, in accordance with Article V, Section 8 (f), a member wishes to pay in its own currency part of any charge due to the Fund pursuant to I-4, the proportion to be paid in such currency shall be calculated on the basis of its monetary reserves at the end of the quarter of the financial year of the Fund to which such charges apply.

"(b) If, in accordance with Article V, Section 8 (f), a member wishes to pay in its own currency part of any charge due to the Fund pursuant to I-2 or I-8, the proportion to be paid in such currency shall be calculated on the basis of its monetary reserves on the day on which the charge is due; provided, however, that if the member would encounter undue difficulties in providing for that day the data required by the Fund in the monetary reserve report forms sent to members, the proportion to be paid in the member's currency shall be calculated on the basis of its monetary reserves at the end of the quarter of the financial year of the Fund in which the charge becomes due. The member, when making a provisional payment in accordance with (c) below, shall advise the Fund whether the member will provide monetary reserve data for the day on which the charge becomes due or for the end of the quarter in which the charge becomes due.



“(c) Whenever a charge is due under I-2, I-4, or I-8, and the member wishes to pay part thereof in its own currency, the member shall make a provisional payment in gold and currency on the basis of its own estimate of its monetary reserves for the appropriate day or end of quarter of the financial year of the Fund as specified in (a) or (b) above. The member shall provide the Fund with the data, for such appropriate day or end of quarter, required by the Fund in the monetary reserve report forms sent to members, and such data shall be provided to the Fund not later than six months from the aforesaid appropriate day or end of quarter. On the basis of such data, the Fund shall make a final determination of the proportions of the charge to be paid in gold and in currency, and final adjustment of the provisional payment shall be made on the date specified by the Fund. If the member fails to provide its monetary reserve data within the period prescribed herein, the whole of the charge shall be finally payable in gold.”

[Former text:

“A member wishing to pay in its own currency part of any charges due shall submit to the Fund a statement giving the necessary justification. Provisional payment shall be made on the basis of the member’s statement, subject to final determination by the Fund of the proportion to be paid in gold.”]

## **Section I-8**

Amended text adopted July 30, 1948:

“When any member sells gold to the Fund pursuant to Article V, Section 6 (a), or buys gold from the Fund, the Fund may levy a handling charge which shall be paid in accordance with Article V, Section 8 (f).”

[Former text:

“When any member offers gold to the Fund pursuant to Article V, Section 6 (a), the Fund shall levy a charge (unless in particular cases it decides otherwise) to cover the estimated costs that would be incurred by the Fund if it used the gold so acquired to purchase the currency it has sold.”]

#### **Section J-4**

Amended text adopted February 20, 1948:

“The Managing Director shall prepare an annual administrative budget for presentation to the Executive Board for approval not later than April 1 of each year.”

[Former text:

“The Managing Director shall prepare an annual administrative budget for presentation to the Executive Board for approval not later than June 1 of each year.”]

#### **Section N-15**

Amended text adopted February 11, 1948:

“(a) Official travel will be undertaken by staff members only with the approval of the Managing Director or officials designated by him. In the case of travel outside the continental United States, however, the specific approval of the Managing Director is required.

“(b) The Managing Director will inform the Executive Board of all such travel at least once a month.

“(c) Staff participation in activities of national agencies and staff travel to a member’s territory require consultation in advance with the Executive Director appointed or elected by the member.

“(d) Staff participation in deliberations or activities of international agencies or conferences as well as staff travel to a

member's territory, undertaken in response to a formal invitation, require the advance approval of the Executive Board."

[Former text:

"Official travel will be undertaken by staff members only with the approval of the Managing Director or officials designated by him. Official travel outside the continental limits of the United States will be undertaken only with the further approval of the Executive Board."]

## II. ADDITIONS

### Section G-6

Adopted July 30, 1948:

"Gold due to the Fund may be delivered at any gold depository of the Fund. Whenever the Fund accepts gold situated elsewhere than at a gold depository of the Fund, the member delivering such gold may be required to assume the actual or estimated costs, as the case may be, of moving the gold to the Fund's nearest gold depository. Where the member is required to reimburse the Fund for such actual or estimated costs, the Fund shall advise the member in what form reimbursement shall be made."

### Section G-7

Adopted July 30, 1948:

"When any member sells gold to the Fund pursuant to Article V, Section 6 (a), the member may be required to assume the estimated costs that would be incurred by the Fund if it used the gold so acquired to purchase the currency it has sold. The Fund shall advise the member in what form such payment shall be made."

### III. DELETION

#### **Section I-3**

Deleted July 30, 1948:

[Former text which has been incorporated in the new rule G-6:

“Gold due to the Fund may be delivered to any gold depository of the Fund. The Fund may accept gold situated elsewhere and in such cases shall levy an appropriate charge to cover the cost of moving the gold to its nearest gold depository.”]

**APPENDIX F**  
**OFFICERS OF THE BOARD OF GOVERNORS FOR YEAR**  
**1948-1949**

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

## **APPENDIX G**

### **PROCEDURES COMMITTEE FOR YEAR 1948-1949**

**Chairman: France**

**Vice-Chairman: India**

**Reporting Member: Union of South Africa**

#### **Members:**

<b>China</b>	<b>Luxembourg</b>	<b>Uruguay</b>
<b>Ethiopia</b>	<b>United Kingdom</b>	<b>Venezuela</b>
<b>Iceland</b>	<b>United States</b>	<b>Yugoslavia</b>

APPENDIX H  
MEMBERS OF DELEGATIONS ATTENDING THE THIRD  
ANNUAL MEETING

AUSTRALIA

*Governor*

N. J. O. Makin

*Alternate Governor*

S. G. McFarlane

*Advisers*

Stanley F. A. Bryson

Donald J. Munro

Roger H. Star

Roland Wilson

AUSTRIA

*Governor*

Hans Rizzi

*Alternate Governor*

Franz Stoeger-Marenpach

BELGIUM

*Governor*

Maurice Frere

*Advisers*

Hubert Ansiaux

Ernest de Selliers

*Staff*

Miss Louise L. P. Dethise

BOLIVIA

*Governor*

Hector Ormachea Zalles

*Alternate Governor*

Jaime Gutierrez Guerra

*Adviser*

Damaso Carrasco

BRAZIL

*Governor*

Francisco Alves dos Santos-

Filho

*Alternate Governor*

Octavio Paranagua

CANADA

*Governor*

Douglas Charles Abbott

*Alternate Governor*

Graham F. Towers

*Advisers*

J. F. Parkinson

Louis Rasminsky

*Staff*

Miss Doris L. Bentley

CHILE

*Alternate Governor*

Fernando Illanes

CHINA

*Governor*

Yun-wu Wang

*Alternate Governor*

Te-Mou Hsi

*Advisers*

T. T. Chang

Yueh-Lien Chang

Yee-Chun Koo

*Technical Advisers*

Mun-Ho Leung

Yih Loh

Deson Sze

Hsioh-Yih Wang

*Staff*

Miss Pearl Dorain

COLOMBIA

*Governor*

Emilio Toro

*Alternate Governor*

Ignacio Copete-Lizarralde

COSTA RICA

*Governor*

Julio Pena

*Alternate Governor*

Angel Coronas

*Adviser*

Enrique Pucci

CUBA

*Alternate Governor*

Jose A. Rodriguez Dod

CZECHOSLOVAKIA

*Governor*

Jozef Goldmann

*Alternate Governor*

Ladislav Biel

*Advisers*

Zdenko Blazej

Zikmund Konecny

J. V. Mladek

DENMARK

*Governor*

Carl Valdemar Bramsnaes

*Alternate Governor*

Einar Dige

*Adviser*

Count B. Ahlefeldt

DOMINICAN REPUBLIC

*Governor*

Jesus Maria Troncoso

*Staff*

Miss Angelica Romero

ECUADOR

*Governor*

Guillermo Perez-Chiriboga

*Alternate Governor*

Pedro L. Nunez

*Staff*

Francisco Alexander

EGYPT

*Governor*

Ahmed Zaki Bey Saad

*Alternate Governor*

Mahmoud Saleh El Falaki

EL SALVADOR

*Alternate Governor*

Manuel Melendez V.

ETHIOPIA

*Governor*

George A. Blowers



**FINLAND***Governor*

Sakari Tuomioja

*Alternate Governor*

Ralf Torngren

*Advisers*

Johan Albert Nykopp

Pentti Pajunen

**FRANCE***Governor*

Pierre Mendes-France

*Temporary Alternate Governor*

Wilfrid Baumgartner

*Advisers*

Pierre Calvet

Guillaume Guindeg

Jean de Largentaye

Christian Valensi

*Staff*

Miss Gertrude G. Picard

**GREECE***Governor*

Xenophon Zolotas

*Alternate Governor*

Alexander Couclelis

*Staff*

Miss Marina Goudis

**GUATEMALA***Governor*

Manuel Noriega Morales

*Alternate Governor*

Leonidas Acevedo

**HONDURAS***Governor*

Julian R. Caceres

*Staff*

Humberto R. Portillo

**ICELAND***Governor*

Asgeir Asgeirsson

**INDIA***Governor*

Sir Chintaman Deshmukh

*Alternate Governor*

N. Sundaresan

*Advisers*

J. V. Joshi

B. K. Madan

Keith Cotton Roy

D. S. Savkar

**IRAN***Governor*

Abol Hassan Ebtehaj

*Adviser*

Hasein Ahari

**IRAQ***Governor*

Ahmed Izzet Mohammed

*Alternate Governor*

Amin Mumayiz

**ITALY***Governor*

Gustavo Del Vecchio

*Alternate Governor*

Ugo La Malfa

*Advisers*

Guido Carli

Egidio Ortona

Diego Spinelli

LEBANON

*Alternate Governor*

Georges Hakim

*Adviser*

Emile N. Mattar

LUXEMBOURG

*Alternate Governor*

Hugues Le Gallais

MEXICO

*Temporary Alternate Governor*

Raul Martinez-Ostos

*Adviser*

Rodrigo Gomez

NETHERLANDS

*Governor*

P. Lieftinck

*Alternate Governor*

M. W. Holtrop

*Advisers*

J. W. Beyen

Willem Koster

L. R. W. Soutendijk

*Staff*

Miss A. Burgerhout

NICARAGUA

*Alternate Governor*

Rafael Angel Huezo

*Adviser*

Jose Sanson

NORWAY

*Governor*

Gunnar Jahn

*Alternate Governor*

Ole Colbjornsen

*Advisers*

Alf Eriksen

Hallvard Hillestad

*Staff*

Mrs. Elna Poppe

PANAMA

*Governor*

Octavio Vallarino

*Alternate Governor*

Aquilino Vallarino

PARAGUAY

*Governor*

Juan Plate

PERU

*Alternate Governor*

Emilio G. Barreto

*Staff*

Max Castoriano

## PHILIPPINE REPUBLIC

### *Governor*

Joaquin M. Elizalde

### *Alternate Governor*

Miguel Cuaderno

### *Temporary Alternate*

#### *Governor*

Juan A. Barretto

### *Advisers*

Juan A. Barretto

Eduardo Quintero

### *Technical Advisers*

Delfin E. Silverio

Leonides S. Virata

### *Staff*

Miss Delphine Churko

Miss Elena Lichauco

## POLAND

### *Alternate Governor*

Janusz Zoltowski

### *Advisers*

Zygmunt Karpinski

Jan Woloszyn

## SYRIA

### *Governor*

Faiz El-Khoury

### *Alternate Governor*

Husni A. Sawwaf

### *Advisers*

Nihad H. Ibrahim Pasha

George J. Tomeh

## TURKEY

### *Governor*

Nurullah Esat Sumer

### *Alternate Governor*

Bulent Yazici

### *Adviser*

Resat Aksan

## UNION OF SOUTH AFRICA

### *Alternate Governor*

Michiel Hendrik de Kock

### *Adviser*

Henry Oswald de Villiers

## UNITED KINGDOM

### *Governor*

Sir Stafford Cripps

### *Alternate Governor*

Ernest Rowe-Dutton

### *Advisers*

N. R. Bertram

G. L. F. Bolton

A. S. Gambling

K. M. Goodenough

S. C. Leslie

J. G. Owen

Sir Henry Wilson Smith

G. H. Tansley

B. F. St. J. Trend

Sir John H. E. Woods

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Miss B. R. Bonney

Miss A. B. Hunter

Miss Jean E. Johnson

Mrs. B. M. Long

## UNITED STATES

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John W. Snyder

### *Alternate Governor*

William L. Clayton

### *Temporary Alternate Governors*

Andrew N. Overby

Frank A. Southard, Jr.

### *Advisers*

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Edmond M. Hanrahan

Paul G. Hoffman

Thomas J. Lynch

William McC. Martin, Jr.

Garrison Norton

Andrew N. Overby

Charles Sawyer

James J. Saxon

Brent Spence

Allan Sproul

M. S. Szymczak

Wayne Chatfield Taylor

### *Technical Advisers*

Hawthorne Arey

Elting Arnold

George L. Bell

Henry J. Bittermann

Thomas C. Blaisdell, Jr.

Clarence I. Blau

James R. Brooks

Chester L. Callander

Philip E. Coleman, III

Lewis N. Dembitz

Herbert E. Gaston

C. Dillon Glendinning

J. Burke Knapp

L. Werner Knoke

Walter C. Lochheim, Jr.

James A. McCullough

Raymond F. Mikesell

Winfield W. Riefler

Walter C. Sauer

Arthur Smithies

Harold R. Spiegel

Frank M. Tamagna

Rifat Tirana

Henry C. Wallich

George H. Willis

John Parke Young

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Mrs. Mary E. Cunningham

Mrs. Mildred S. Dodd

Mrs. Gertrude T. Hallila

Mrs. Gina Price

Mrs. Elizabeth P. Smith

## URUGUAY

### *Governor*

Fermin Silveira Zorzi

### *Alternate Governor*

Mario La Gamma Acevedo

### *Adviser*

Carlos Sapelli

**VENEZUELA***Governor*

Carlos A. D'Ascoli

*Temporary Alternate Governor*

Francisco Alvarez Chacin

**YUGOSLAVIA***Governor*

Obren Blagojevic

*Alternate Governor*

Dragoslav Avramovic

*Adviser*

Mihailo Kolovic

**OBSERVERS****BANK FOR INTERNATIONAL  
SETTLEMENTS**

Roger Auboin

**FOOD AND AGRICULTURE  
ORGANIZATION**

Mary Ladd

David W. Lusher

**INTERIM COMMISSION OF  
THE INTERNATIONAL  
TRADE ORGANIZATION**

J. A. Lacarte

**INTERNATIONAL BANK  
FOR RECONSTRUCTION AND DEVELOPMENT,  
ADVISORY COUNCIL**

Sir Arthur Salter

**INTERNATIONAL  
LABOR ORGANIZATION**

E. J. Riches

**LIBERIA**

Sidney de la Rue

**PAKISTAN**

M. O. A. Baig

**SIAM**

Dilokrit Kridakon

**UNITED NATIONS**

Walter Chudson

Karol Krcmery

Karl Lachmann