



THE
BRETTON WOODS
TRANSCRIPTS

KURT SCHULER
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CENTER FOR FINANCIAL STABILITY

The Bretton Woods Transcripts

Edited by

**Kurt Schuler
and
Andrew Rosenberg**



Dialog • Insight • Solutions

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Preface

by **Jacques de Larosière and Steve H. Hanke**

It has been almost seventy years since Bretton Woods, New Hampshire hosted one of the world's most important financial conferences. The Bretton Woods conference was a star-studded affair — one in which the postwar rules of the game for a new monetary order were hammered out, and one that gave birth to the International Monetary Fund and the World Bank. It is, therefore, remarkable that the Bretton Woods transcripts have never seen the light of day.

Indeed, for decades the transcripts had gone unnoticed, collecting dust in the library of the U.S. Treasury, until they were uncovered by Kurt Schuler. We owe him a debt of gratitude for this discovery, and for his painstaking work. Schuler, along with his coeditor, Andrew Rosenberg, has done a superb job in putting this treasure trove in shape for publication. Even though there have been thousands and thousands of pages written about the Bretton Woods conference, nothing beats the transcripts for a first-hand feel of what transpired.

In a matter of three short weeks, in July 1944, an enormous amount of high-quality output was produced. The transcripts tell the tale. What they don't tell is that a great deal of preparation preceded Bretton Woods. Indeed, the conference and its output did not just appear out of thin air.

In 1941, John Maynard Keynes of the United Kingdom and Harry Dexter White of the United States produced drafts of their respective visions for a postwar international monetary order. These were each revised and published, in 1943. Then, in consultation with other experts, a "Joint Statement" was issued in 1944, prior to the Bretton Woods conference. Importantly, a preparatory conference was held in Atlantic City, New Jersey, during the last half of June 1944, just before

Bretton Woods. When the delegates, who represented 44 countries, arrived at Bretton Woods, the substantive ground had been well prepared. No organizational or staffing detail had been overlooked, either.

The conference was divided into three commissions. Commission I dealt with the International Monetary Fund. It was chaired by White, who was impressively assisted by Edward Bernstein from the U.S. Treasury. Commission II, chaired by Keynes, was responsible for the World Bank. Commission III focused on other means of international cooperation and was chaired by Eduardo Suárez of Mexico.

The assignments of the delegates and staffs were carefully thought out in advance, resulting in a well-oiled, efficient conference. The atmosphere was collegial, with about half of the countries represented participating quite actively. When it came to the 178 delegates, the “80-20 rule” prevailed, with only about 20 percent of the delegates providing 80 percent of the substantive contributions. It should be noted that a number of those represented the relatively small countries of Belgium, Cuba, New Zealand, and Norway. Also active were three representatives from India, which still had a colonial status. Another colony, the Philippine Commonwealth, was also represented. France – actually the *Gouvernement provisoire de la République française* (GPRF), which was formed right before Bretton Woods, but not recognized by the Allies until October 1944 – was actively represented by Pierre Mendès-France, who went on to become France’s prime minister. So, there was a wide range of representation.

There was also a great deal of leadership on display by the host country. The United States counted 12 delegates, and four of the 12 were quite active. In addition, the U.S. technical staff numbered 33 – by far the largest at the Conference. And, unlike those from any other country, five members of the U.S. technical team were active conference participants. If that wasn’t enough, the 39 members of the conference secretariat were all Americans. In addition to preparation, staffing, and organization, America’s leadership role was enhanced by the fact that the United States held almost 60 percent of the world’s monetary gold at the time.

The organization of the conference facilitated a fast pace. The chairmen of the commissions, with their intelligent use of the committee structure, placed a premium on speed and took every opportunity to use it. Nowhere was this more evident than in Commission II, chaired by Keynes. He presided over very brisk meetings, in which matters were voted on rapidly, or dispatched to committees for further work, before time was wasted on premature discussion.

That said, the conference was punctuated by vigorous and substantive debate. For example, there was considerable discussion about whether the International Monetary Fund would be engaged in facilitating the settlement of war debts; led by the United States and the United Kingdom, the conference ultimately rejected this idea. Another example involved the USSR, which was opposed to reporting requirements for gold holdings and a number of other economic statistics. Again, led by the United States and the United Kingdom, transparency and full reporting won the day. The USSR was also opposed to the idea that “moderate immigrant remittances for family living expenses” would be free from capital controls; China made the most eloquent arguments against the Soviet position, and immigrant remittances remained unimpeded by controls.

Certain debates were, by today’s light, quite modern. Many of what today would be described as emerging-market countries wanted larger quotas (more voting power), and they also wanted to have their gold contribution reduced from 75 percent of their obligations to 50 percent (a lower entry fee). These proposals were actively debated, and eventually voted down, as was a proposal put forward by Egypt to establish regions, such as the Middle East and Latin America, which would have their own executive directors within the International Monetary Fund. *Plus ça change, plus c’est la même chose.*

In reading *The Bretton Woods Transcripts*, we were struck by the fact that the deliberations were not simply driven by the events of the day. Indeed, the conference and its participants proceeded like a well-balanced river approaching a well-defined delta. Many of the distinguished conference personalities moved seamlessly from Bretton

Woods to the highest ranks at the International Monetary Fund and the World Bank. For example, the Fund's first Managing Director, Camille Gutt (Belgium) was a Bretton Woods veteran, and he was not alone. Over 35 high positions at the International Monetary Fund were filled, at one time or another, by Bretton Woods veterans, and the World Bank eventually counted 30 conference veterans in its highest ranks. These men presided over an international monetary order, established at Bretton Woods, that endured for more than a quarter of a century.

Bretton Woods was the result of a perfect storm: some big problems; a set of ideas that attracted a consensus; a group of prepared and capable participants; and a leader, namely the United States, that was prepared to lead. Today, we don't see such a perfect storm on the horizon. But, then again, we don't claim to be weather forecasters, either.

September 2012

Jacques de Larosière was Managing Director of the International Monetary Fund from 1978 to 1987. He was also formerly Undersecretary of Monetary Affairs in the French Treasury (1974–1978), Governor of the Banque de France (1987–1993), and President of the European Bank for Reconstruction and Development (1993–1998). He is currently Chairman of Eurofi in Paris. Steve H. Hanke is Professor of Applied Economics at The Johns Hopkins University in Baltimore and Special Counselor at the Center for Financial Stability in New York.

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The views here are ours alone and should not be attributed to the institutions we are connected with.

Introduction

The United Nations Monetary and Financial Conference at Bretton Woods, New Hampshire in 1944 began an era of international economic cooperation that endures today. The chief business of the conference was to arrive at agreements to govern the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD or World Bank), which remain important in the world financial system. Because of its impact, the Bretton Woods conference continues to offer food for thinkers and fodder for writers in economics, history, political science, and politics.¹

Despite all that has been written on the conference, its transcripts have passed almost unnoticed until now. Kurt Schuler discovered copies of the transcripts in 2010 while browsing through a selection of uncatalogued material in the library of the U.S. Department of the Treasury, where he works. He knew he had made a significant find when he saw some pages with remarks by John Maynard Keynes that had never been published.

The transcripts were never intended for release. The rules of the conference specified that printed minutes of conference meetings would not attribute positions to particular country delegations except by request of the delegations. The printed minutes, released to the public in 1948, are much shorter than the transcripts of the same meetings, and they omit or downplay disagreements in the interest of harmony. The transcripts offer a rare verbatim record of what delegates to a major international conference said in a situation where they expected most of their remarks to remain unrecorded.

¹ At least three books are forthcoming on Bretton Woods: Conway (forthcoming), Rauchway (forthcoming), and Steil (2013). (All references are at the end of the introduction.)

The transcripts document a turning point in international relations. Even when severely tested, most member countries of the IMF and World Bank, especially those of greatest importance to the world financial system, have not repeated the disastrous turning inward, economically and politically, that marked the 1930s and culminated in World War II. One reason they have not is that at Bretton Woods, they found workable procedures for safeguarding the interests of large and small nations alike in the common pursuit of prosperity. Readers of the transcripts should keep in mind that underlying story when they encounter passages where delegates to the conference seem merely to be debating details of the IMF and World Bank agreements. To the delegates, the shape of the postwar world was at stake. The details mattered greatly because the IMF and World Bank embodied a new approach to international organizations. As an American delegate said of the agreement on the IMF, “this document is an attempt to marry, to mingle and to blend the political aspects of this agency with the practical business aspects of the agency, the economic aspects. Institutions in the past have been established on more or less completely commercial lines. Others have been established on completely political lines. This whole document is an attempt to blend those two concepts.”²

Neither the IMF nor the World Bank now performs its initial main role. The IMF ceased supervising an international system of pegged exchange rates in 1973, when the system experienced its final collapse; it responded by enlarging its role as a provider of advice and aid to countries in financial crisis. The World Bank concerned itself with the postwar reconstruction of Europe only for a few years, and ever since has concentrated on the “development” part of its full name. The transcripts of the Bretton Woods conference help us understand why the IMF and World Bank have proved so durable and remained so important despite their changing missions: they facilitate international economic cooperation in a way hard to reproduce in other organizations or in informal understandings. Their organizational

² Ansel Luxford, in [chapter 27](#).

structure balancing the interests of large and small economies, and their practice of arriving at decisions by consensus rather than by formal voting wherever possible — both of which came out of the Bretton Woods conference — have contributed to their unusual adaptability. Despite a huge increase in their membership since Bretton Woods, resulting from decolonization and the end of the Cold War, the IMF and World Bank have remained capable of acting quickly and decisively.

That the Bretton Woods conference arrived at not just one, but two important agreements made it a high-water mark in diplomacy. Periodic calls for a “new Bretton Woods” invoke its name because they dream of imitating its success. Anyone who thinks the world requires a new Bretton Woods needs to study the transcripts of the original, which show the spirit, the organizational techniques, and the particular compromises that made it successful. It is also vital to remember that Bretton Woods was not a self-contained conference, but the end of three years of thought, debate, and negotiation. The transcripts refer to the long nights that bleary-eyed delegates spent hashing out details at the conference, but the details existed within a framework established before the conference.

Background to the conference

While World War II was still in an early phase, British and American government officials began thinking about arrangements for postwar international economic cooperation.³ They wished to prevent the “unrestrained economic fighting of the 1930s,”⁴ in which economic

³ This section and the next draw on Horsefield (1969, v. 1: 3-113), Mason and Asher (1973: 12-33), UNMFC (1948, v. 1: v-vii); van Dormael (1978: 29-167); and Young (1950). Horsefield (1969, v. 3: 3-214) contains several of the documents we mention.

⁴ Harry Dexter White’s phrase in his opening speech to the Bretton Woods commission on the IMF, in [Document 59](#) of the conference (UNMFC 1948, v. 1: 97).

crisis and lack of international cooperation had led countries to take steps that were politically popular in the short term but destructive to international trade and, in the long term, to domestic markets. They also wished to spur postwar economic rebuilding.

Independently, Harry Dexter White of the U.S. Department of the Treasury and John Maynard Keynes of the British Treasury originated plans in mid 1941 for an international monetary organization. Keynes first saw a revised draft of White's plan in July 1942 and White saw a revised draft of Keynes's plan a month later. After further changes, both plans were published in April 1943.⁵ The Keynes plan proposed an International Clearing Union as a central bank to the world's national central banks. Unlike a typical central bank, the Clearing Union would impose charges on member countries that were large creditors as well as on those that were large debtors. Keynes's goal was to place part of the burden of adjustment to the balance of payments on creditor countries, such as the United States, and to reduce the burden on debtor countries, such as the United Kingdom. The White plan envisioned a United Nations Stabilization Fund, an international loan fund rather than an international central bank. It was less generous to debtors than the Keynes plan, imposed no charges on large creditors, and therefore involved a much lower prospective outlay of resources by the United States. Besides the Keynes and White plans, there were also Free French and Canadian plans. The Free French plan was more modest than the Keynes or White plans. It was written by André Istel, who would become a delegate at Bretton Woods, and Hervé Alphand, the former French financial attaché in Washington. The Canadian plan was conceived as a compromise between the Keynes and White plans. It was written by Louis Rasminsky, who would become a delegate at Bretton Woods.

Discussion between American experts led by White and British experts led by Keynes, and consultation with other governments, resulted in a "Joint Statement by Experts on the Establishment of an International Monetary Fund," also known as the Joint Statement of

⁵ Federal Reserve (1943).

Principles or simply the Joint Statement.⁶ It was published simultaneously in the United States and a number of other Allied countries on April 21, 1944. The Joint Statement was closer to the White plan than to the Keynes plan, reflecting that the United States, as the world's largest economy and largest creditor, would set the terms of any agreement of which it would be the major financier. The United Kingdom had little choice but to acquiesce, especially given that it was seeking further wartime loans from the United States in negotiations that would not conclude until after the Bretton Woods conference.

On May 25, 1944, the U.S. government invited most of the world's independent countries except those belonging to the Axis to send representatives to an international monetary conference, "for the purpose of formulating definite proposals for an International Monetary Fund and possibly a Bank for Reconstruction and Development."⁷ (The word "International" was only added to the

⁶ Reproduced in [Appendix IV, part 7](#) of the conference proceedings (UNMFC 1948, v. 2: 1629-1636). The discussions leading to the Joint Statement were at first contentious. Keynes generally disliked Americans and Jews, so it annoyed him that many American officials who dealt with international finance were Jews, including Secretary of the Treasury Henry Morgenthau, Jr.; Harry Dexter White (of Jewish parentage, but not religiously observant); and White's assistant, Edward Bernstein. After one meeting with the Americans, Keynes ranted, "Bernstein is a regular little rabbi, a reader of the Talmud, to Harry's grand political high rabbidom....The chap knows every rat run in his local ghetto, but it is difficult to persuade him to come out for a walk with us on the high ways of the world" (Keynes 1980b: 364). Bernstein later remarked that if the U.S. Treasury had known of Keynes's remark, it would have ceased discussions with Keynes (Black 1991: 39-40). For a summary of Keynes's attitudes toward Jews, including episodes that show a better side of him, see Chandavarkar (2000).

⁷ The letter should not be confused with a 1943 letter from Secretary of the Treasury Henry Morgenthau, Jr. to finance ministers of 37 countries, reproduced in [Appendix IV, part 3](#) of the conference proceedings (UNMFC 1948, v. 2: 1573-1574). The earlier letter contained a version of the White plan for the IMF. The 1944 invitation went to 42 countries (United States Department of State 1944: 498). The principal countries not invited were the

Bank's title late in the conference. We will generally call the bank the World Bank, its more commonly used name today.) The U.S. government also invited a smaller group of countries to send experts to a preliminary conference in Atlantic City, New Jersey, to develop preliminary draft proposals for the Bretton Woods conference. The Atlantic City conference was held from June 15-30, 1944, although because of travel delays, not all delegations were present for the whole conference. The conference worked mainly on ideas for the IMF, producing a series of alternatives to provisions in the Joint Statement that, with the Joint Statement itself, formed the basis of discussion on the IMF at Bretton Woods.

Before the Bretton Woods conference, far less work was done on the Bank for Reconstruction and Development. In November 1943 the U.S. Treasury sent to other governments a draft of a proposal for the bank. The British government did not comment on it until April 1944. On the British delegation's boat trip to the United States for the Atlantic City conference, though, Keynes supervised a British draft on the subject. The British and American drafts were close enough that the two governments concluded that an agreement was feasible. The Atlantic City conference devoted two days to discussing the Bank, and by the time the delegates were ready to proceed to Bretton Woods, a draft agreement for the Bank existed.⁸

The International Monetary and Financial Conference of the United and Associated Nations, as it was officially called, took place at the Mount Washington Hotel in Bretton Woods, New Hampshire, from July 1 to July 22, 1944. There were several reasons for choosing Bretton Woods as the location of the conference. The summer climate was

major Axis powers (Germany, Italy, and Japan); their co-belligerents (Bulgaria, Finland, Hungary, Romania, and Thailand); and some neutral countries (Argentina, Ireland, Portugal, Spain, Sweden, and Turkey). India and the Philippines, although colonies, sent their own delegations, and the Indian delegation was notably independent-minded, advocating views on some points opposed to those of the United Kingdom.

⁸ Document 169 of the conference (UNMFC 1948, v. 1: 191-215), issued on July 6.

temperate, a key consideration because air conditioning was not yet widespread. (“For God’s sake do not take us to Washington in July, which would surely be a most unfriendly act,” Keynes had written to White in May 1944.⁹) The remote location offered greater security and seclusion than would have been possible in a large city. Unlike many other resort hotels of the time, the Mount Washington Hotel accepted Jews as guests, and many staff and delegates at the conference were Jews. Finally, the Democratic administration of President Franklin Roosevelt sought bipartisan support for any agreement that would arise from the conference. Senator Charles Tobey of New Hampshire was the senior Republican on the Senate Committee on Banking and Currency, whose approval would be vital for the agreement. Tobey, who was facing an opponent in the Republican primary election, suggested holding the conference in New Hampshire as a way of showing the people of his state that he was influential. The Roosevelt administration accepted Tobey’s suggestion as a way of winning his favor for the agreement.¹⁰ Originally the conference was scheduled to end on July 19, but it was extended for a few days to complete its work.¹¹ Delegates from 44 nations plus a representative of Denmark and observers from several international organizations attended.¹²

From the vantage point of nearly seventy years later, it is easy to forget how bleak the world’s recent monetary experience had been and how strongly the countries attending the conference wanted to signal a break with it. The financial strains of World War I had disrupted the largely stable prewar world monetary system based on gold. The 1920s had seen hyperinflations in central Europe and lesser but still painful problems elsewhere in returning to the gold standard. The 1930s had seen a worldwide depression, the collapse of the international gold standard, and the imposition of exchange controls that hampered

⁹ Keynes (1980: 27).

¹⁰ De Vries (1996: 9).

¹¹ [Document 433](#) of the conference (UNMFC 1948, v. 2: 1184).

¹² Delegates attended from all the invited countries mentioned in a previous footnote, plus Bolivia and of course the United States itself. Denmark did not attend as a full participant because it had no government in exile.

international trade. The economic calamity of the 1930s had created the political conditions leading to World War II. The European delegations at Bretton Woods, other than those of the Union of Soviet Socialist Republics and the United Kingdom, all represented exile governments of countries under German occupation, while the Philippines was under Japanese occupation. Keynes vividly expressed their situation when he observed, “the various members of this alliance have suffered in mind, body and estate through the exhaustion of war, through which we are differing in kind and degree. These sacrifices cannot be weighed one against the other. Those of us who are most directly threatened and were nevertheless able to remain in the fight, such as the USSR and the United Kingdom, have fought this war on the principle of unlimited liability and with a more reckless disregard to economic consequences. Others are more fortunately placed. We do not need information in the larger fields of human affairs. Nothing could be less prudent than hesitation or careful counting of the cost. But as a result, there has been inevitably no equality of financial sacrifice.”¹³

Conference organization

The highest body of the Bretton Woods conference was its **plenary session**. Plenary sessions met only in the first and last days of the conference and were more for show than for work, existing mainly to confirm decisions reached by other bodies of the conference. The conference conducted its major work through three **commissions**.

Commission I dealt with the IMF and was chaired by Harry Dexter White, Assistant to the Secretary of the U.S. Treasury and the chief American negotiator at the conference. The early part of the conference focused on Commission I. A table at the end of this introduction shows how the Commission divided its work among its four main committees, in terms of the sections of the preliminary draft IMF agreement that each committee handled and the corresponding parts of the final Articles of Agreement. Tables in Appendix E (available

¹³ In [chapter 4](#).

only in the PDF and print versions of this book) and a spreadsheet on the page for this book at the Web site of the Center for Financial Stability show the correspondence between the preliminary draft and the final agreement section by section instead of just article by article, for both the IMF and World Bank agreements.

The core working document on the IMF was Document 32 of the conference.¹⁴ It contained the Joint Statement plus alternatives (amendments) proposed at the Atlantic City conference. After the delegates had made some progress on specifying how the IMF would work, the Drafting Committee of Commission I compiled the results to date in an intermediate draft, Document 321.¹⁵ The final Articles of Agreement for the IMF were published in Document 492 of the conference.¹⁶

Commission II dealt with the International Bank for Reconstruction and Development (World Bank), and was chaired by John Maynard Keynes. Keynes's unassuming title of economic adviser to the British Chancellor of the Exchequer (minister of finance) belied his central role in British war finance, which included being the chief British negotiator at the conference. After a perfunctory initial meeting on July 3, 1944, Commission II did not meet again until July 11. In the meantime, the committees of Commission I finished most of their assigned work. Many matters of governance, legal status, and the like were similar for the IMF and the World Bank. Commission II took advantage of the work that delegates had done on the IMF agreement by borrowing the wording they had hammered out and using it, with minor changes, to apply to the World Bank agreement. The saving of time involved, nimble chairmanship by John Maynard Keynes, and the extension of the conference beyond its original end date enabled Commission II to complete its work despite a late start. The first preliminary draft agreement for the World Bank, published as

¹⁴ [Document 32](#) of the conference (UNMFC 1948, v. 1: 21-60).

¹⁵ [Document 321](#) of the conference (UNMFC 1948, v. 1: 518-537).

¹⁶ [Document 492](#) of the conference UNMFC 1948: 927-1015).

Document 169 of the conference, was issued on July 6.¹⁷ By the time of Commission II's second meeting, when it began its work in earnest, Document 169 it had been superseded by Document 245, issued on July 10.¹⁸ Document 245 therefore became the core document of the World Bank agreement. The final Articles of Agreement for the World Bank were published in Document 492 along with those for the IMF.

Commission III dealt with other means of international financial cooperation and was chaired by Eduardo Suárez, Mexico's minister of finance and the leader of the Mexican delegation.¹⁹ Commission III was a venue for ideas that did not fall under the other two commissions. It was less important than they were, so it held fewer meetings than they did. Its recommendations, described in more detail below, left no lasting impact because the commission neither established a new international organization nor significantly changed any existing organization. Its core working document was Document 235 of the conference, the report of its Agenda Committee on the proposals various national delegations had submitted.²⁰

Each commission had a number of **committees**. Commission I, for instance, had

- four standing (main) committees dealing with particular aspects of the IMF;
- eight ad hoc committees on special topics;
- a Drafting Committee to resolve questions purely of language;
- a Special Committee on Unsettled Problems; and

¹⁷ Document 169 of the conference (UNMFC 1948, v. 1: 191-215).

¹⁸ [Document 245](#) of the conference (UNMFC 1948, v. 1: 365-402).

¹⁹ The after-hours gatherings of delegates in the hotel nightclub were jokingly termed "Commission IV" (Boskey 1957; Harry S. Truman Library and Museum 2011, "Oral History Interview with J. Burke Knapp," conducted July 24 and 30, 1975: 37-38). Regrettably, no transcripts were made of its proceedings, but there does exist a mock charter for an "International Ballyhoo Fund" in the papers of the conference president, Henry Morgenthau, Jr. (McJimsey 2008: 428-430).

²⁰ [Document 235](#) of the conference (UNMFC 1948, v. 1: 326-333).

- subcommittees appointed by the committees.

Every country represented at the conference was entitled to send delegates to all meetings of the commissions and standing committees, but subcommittees and other groups had restricted membership to allow them to work more efficiently. Appendix A shows all the committees and committee members listed in the published conference volumes. Appendix B shows the schedule of meetings. As is evident from the schedule, delegates to the conference worked hectically on many issues in parallel.

The transcripts

The U.S. Department of the Treasury, aided by the U.S. Department of State, was the host of the Bretton Woods conference. To record the conference, the Treasury employed a number of stenographers. Stenographers were not numerous enough to record every meeting of all the main committees, much less the ad hoc committees and subcommittees, but they generated hundreds of pages of material. The stenographers' notes were typed and corrected. The Treasury made an unknown but apparently small number of Photostat copies and distributed the copies in bound covers to senior officials.

As we mentioned, Kurt Schuler discovered copies of the transcripts in a selection of uncatalogued material in the Treasury Library. A catalog number on the spines indicates that the volumes that they had been catalogued at some point before the catalog switched from cards to an electronic database, but they were unknown to the current librarians.²¹ Subsequent research revealed that Schuler was not the first person to discover the transcripts, but the last, in the sense that now they will never need to be rediscovered. Several references to the transcripts exist in previous writings. The official history of the IMF's early years mentions the transcripts briefly, describing them as "unofficial verbatim reports, but the incomplete and provisional nature

²¹ Later, Schuler found that the transcripts were listed in Treasury Library (1997: 6).

of these reports makes them of uncertain value.”²² The transcripts are incomplete, but they are still extensive, and they seem to be as faithfully transcribed as the stenographers and typists could make them. For the major proceedings, they are as good a record as one could expect short of a recording.²³ Henry Bittermann, who attended the conference, makes a passing reference to the transcript of the July 11 meeting of Commission II.²⁴ A publication in Norwegian on Norway and the Bretton Woods conference also cites the transcripts.²⁵ The Web site of the IMF archives has also for some years mentioned the transcript volumes,²⁶ but judging by the lack of references to them, researchers have failed to notice.

What seems to be an original version of the transcripts exists at the National Archives in College Park, Maryland. It consists of sheets of loose paper. Like the Treasury Library, the IMF Archives in Washington, D.C. has a set of Photostat copies of the transcripts. The Photostat copies are divided into four bound volumes. Commission I (the IMF), is in three volumes: the meetings of the full Commission; Committees 1 and 2; and Committees 3 and 4. Commissions II and III are combined in a single volume. The Treasury Library set has the notation “H. D. White” written in pen in the flyleaves, indicating that it belonged to Harry Dexter White. We relied mainly on the Treasury Library set to compile this book because it was most accessible to us. The catalog listing for the IMF Archives set indicates that it belonged to Edward Bernstein, who as executive secretary (chief technical adviser) of the American delegation was White’s deputy at the Bretton Woods

²² Horsefield (1969, v. 1: 93). The official histories of the World Bank’s early years contain no reference to the transcripts (Mason and Asher 1973: 21-33; Kapur and others 1997: 58-62).

²³ Yves-André Istel, son of the French delegate André Istel, has read the sections of the transcripts containing remarks by his father and has commented that they sound perfectly compatible with his modes of expression.

²⁴ Bittermann (1971: 70 n. 14).

²⁵ Halvorsen (1982: 130-131, nn. 9, 10, 20, 21, 31).

²⁶ IMF (2007).

conference, and who later became the first director of the IMF's Research Division.

The sets at the Treasury Library and IMF Archives contain no markings indicating when they were copied or distributed. That the Treasury Library has White's set suggests that they were distributed before White joined the IMF on April 30, 1946, as its first Executive Director representing the United States. The copies are sometimes hard to read: photocopying technology was still in its infancy and the original typescripts were not always clear, having been typed on manual typewriters and corrected by hand in places. Because members of the IMF executive board and IMF staff sometimes referred to the transcripts during early board meetings, the IMF had a clean copy typed of the transcripts of the meetings of Commission I.²⁷ The IMF made a limited number of copies for internal use; they were not intended for outside circulation. While we were in the last stages of preparing this book, the IMF Archives posted an electronic file of the clean copy on its Web site, along with electronic files of many other documents related to the Bretton Woods conference.

What we call "the transcripts" in the broad sense includes transcripts in the narrow sense, summaries, and draft minutes. The bulk of the material is transcripts in the narrow sense — attempts to record meetings word for word, identifying the speakers wherever possible. Summaries identify speakers, but summarize their remarks rather than trying to record them word for word. Draft minutes are briefest: they typically do not identify speakers, instead reviewing only the overall course of discussion during meetings.

The coverage of the transcripts varies. It is extensive for the full commission and some committee meetings of Commission I. The transcripts contain less material on Commissions II and III because they were lower priorities for the conference and received less coverage from the pool of stenographers. Sometimes so many committee meetings were happening that the stenographers could not cover them all. For instance, a typed note inserted in the transcripts by an

²⁷ IMF (1951).

unknown person says, “Commission I – Committee 2[:] Miss Bourneuf [Alice Bourneuf, Assistant Secretary of the committee] told me September 6, 1944 that about July 6 the stenographic pool was unable to send stenos. [stenographers] to take verbatim minutes of the meetings and that is why her committee along with other committees do not have full minutes of the meetings. I checked what I have with her copies and these were all that were taken.”

Insights from the transcripts

Numerous summaries of the Bretton Woods conference already exist.²⁸ Rather than revisit ground that is already well trod, we limit our observations about insights from the transcripts to some brief remarks.

- The United States and United Kingdom had the greatest influence at the conference, in accord with their economic strength, key roles in world finance, and dominant share of the world’s leading economists, but Bretton Woods was a genuinely multilateral negotiation. The other large and medium-size countries also shaped the conference, especially through their membership on multiple ad hoc committees. Talented delegates from Belgium, Cuba, Czechoslovakia, Greece, and Norway played important roles out of proportion to the small size of their countries.
- Debate on IMF quotas was contentious, even bitter.²⁹ About one-third of the countries present wanted higher quotas, which would have given them greater voting power. France and India felt particularly slighted at being assigned proposed quotas that

²⁸ See especially Horsefield (1969, v. 1: 89-110), Mason and Asher (1973: 21-33), Oliver (1975: 182-210), Schild (1995: 107-127), and van Dormael (1978: 168-233). Eric Rauchway (forthcoming) also has an account.

²⁹ See [chapter 8](#). Mikesell (1994: 35-38) gives a further first-hand account of the debate on quotas, including events in the Committee on Quotas, whose proceedings are not in the transcripts.

they considered not to reflect their importance in the world economy. Agreements intended to be so important to the world financial system were inherently political. The Quota Committee was chaired by Fred Vinson of the United States, who had an unusual combination of high-level experience as a legislator, judge, and bureaucratic administrator, but even his political acumen was insufficient to prevent the eruption of anger over quotas that many delegations expressed.

- The development of the Bretton Woods international monetary system as based in practice on the U.S. dollar, and only indirectly on gold, arose because in 1944, the dollar was the only currency with some degree of convertibility into gold that was widely held internationally. Hence when the question arose of defining “gold convertible” exchange for the IMF Articles of Agreement, an American delegate said, “On the practical side, there seems to be no difference of opinion, and it is possible for the monetary authorities of other countries to purchase gold freely in the United States for dollars. There are a number of other currencies which can be used to purchase dollars without restriction, and these dollars in turn [can be] used to purchase gold. The definition of gold convertible currency might include such currencies, but the practical importance of holdings of the countries represented here is so small that it has been felt it would be easier for this purpose to regard the United States dollar as what was intended when we speak of gold convertible exchange.”³⁰ Here is the seed of what French finance minister Valéry Giscard d’Estaing would in the 1960s term the dollar’s “exorbitant privilege” as an international reserve currency.
- As is evident from the listing in Appendix A, among the Americans at the conference were Communists who spied for the Union of Soviet Socialist Republics (USSR). Harry Dexter White was not a Communist or formally a spy, but was sympathetic to the USSR and passed classified information to

³⁰ See [chapter 5](#).

American Communists who were spies. He made his first direct contact with an operative of the Soviet spy agency in July 1944, that is, possibly during the Bretton Woods conference.³¹ Soviet success in spying availed naught, though, because the USSR decided not to join the IMF and World Bank. Reluctance to divulge its economic statistics was likely one of the factors that led it not to join. (Attending the Bretton Woods conference and signing its final agreement did not commit countries to join the IMF and World Bank; it merely indicated that their governments would consider the matter, on the terms the agreement established.) Russia only joined in 1992, after Soviet communism and the USSR itself had ended.³²

- The delegates were an extraordinarily promising group. They included future prime ministers of Canada, France, Greece, New Zealand, and Peru; future presidents of Colombia and Iceland; future finance ministers and central bank governors of many countries; and key officials of the IMF and World Bank, including the IMF's first Managing Director, its top official.³³
- The global influence of the American university system is apparent. Many of the non-U.S. delegates who were most active in the conference debates had studied economics at U.S. universities or at the time of the conference were professors at American universities. Many members of the American delegation had doctorates in economics and quite a few had been at some point been professors of economics; Appendix A offers a partial list.
- As in other international meetings of the era, few women held high positions. There seems to have been only one female

³¹ Haynes and Klehr (1999: 129-145); Craig (2004: 83-112); Haynes and others (2009: 260).

³² [Chapter 4](#); see also Bernstein (1991).

³³ Edward Bernstein, a U.S. Treasury official who made the most important contributions to the conference other than White and Keynes, described the delegates as “technicians moving up in the hierarchy” (Black 1991: 47).

delegate, a Mrs. L. Gouseva of the USSR, who was so obscure we could not even find her full first name. A few women held important positions in the conference secretariat, which was staffed by employees of the U.S. government.

Overview of the transcripts

Before wading into the transcripts, readers may find it useful to have a narrative overview of the material they cover. The transcripts cover only some of the formal meetings at the Bretton Woods conference, and none of the informal discussions, so our overview of the transcripts is not a full overview of the conference.

Many segments of the transcripts are dull. As editors, we felt a duty to be thorough, to spare future scholars the effort of retracing our steps. Readers have no parallel duty to read every word we transcribed. Readers who are easily bored should feel free to treat the book as one to be dipped into rather than read cover to cover. More patient readers may want to read the dull segments not so much for their surface content as for the subtext of the Bretton Woods conference as a study in successful international negotiation.

Commission I, on the IMF, chaired by Harry Dexter White of the United States, was the most important part of the conference. If the conference accomplished nothing else, it was expected to arrive at a final agreement on the IMF. As with the other commissions and some of the committees, the first meeting of Commission I was consumed by a speech by the chairman and organizational matters, rather than discussion of substantive issues by delegates. The second meeting was devoted to further organizational matters and hearing the initial reports of committees, again precluding discussion of the issues. The major issues the committee covered in its remaining seven meetings are easier to understand if described in logical rather than chronological order, since discussion of some issues spanned multiple meetings.

The most fundamental issue was what *the IMF's purposes* should be. How much should it focus on economic development,

including full employment in rich countries and the improvement of living standards in poor countries, in addition to the more narrowly monetary problems of smoothing adjustment in the balance of payments and addressing financial crises? The delegates agreed to modest changes to Article I of the draft IMF agreement, listing the purposes of the organization, but not to bigger changes advocated notably by India and Australia. In compensation, Commission II changed the draft World Bank agreement to lay greater emphasis on economic development.

There was also a question whether the IMF should be involved with *the debt legacy of World War II*. The United Kingdom in particular owed large amounts to countries that had supplied it with war materiel. India and Egypt were emphatic in stating that after the war, they wished to be able to use the pounds sterling they had been paid to buy goods that at present they could not, because of British exchange controls. The term they used for this issue at the conference was “multilateral clearing.” Leading the opposition to involving the IMF in wartime debts were the United Kingdom, for obvious reasons; France, which operated a French franc zone similar to the sterling area; and the United States, which did not want to weaken the capabilities of two of its major allies. They argued that the IMF already had enough to do, and involving it in settling wartime debts might overload it. Commission I accepted their argument, but as a palliative, the United Kingdom issued public statements assuring India and Egypt that it would try to resolve problems related to the sterling balances soon after the war.

To promote better understanding of the world economy and its potential trouble spots, the draft IMF agreement specified various categories of *statistics* that members would be obligated to supply to the IMF. The delegates understood that some statistics would initially be imprecise or nonexistent for many countries. The League of Nations already collected some financial statistics, but member countries were under no obligation to supply them to it. John Maynard Keynes was keen on having statistics; he claimed that “There is hardly any greater service the Fund can do than provide up-to-date barometers of the

monetary problems of the world.”³⁴ The USSR, on the other hand, wished to minimize the statistics it would have to divulge to the IMF, in keeping with its policy of secrecy about many kinds of economic data. The USSR made several proposals to limit the collection and publication of statistics, which failed to gain the approval of other countries.

The experience of the years between the two world wars had convinced many people that fully convertible currencies, without exchange controls, could be dangerous because they might permit destabilizing flows of speculative capital. The IMF agreement therefore obliged members to pledge to work toward ***convertibility of their currencies for current-account payments***, such as those for imported goods, but not capital-account payments, defined as those for the purpose of transferring capital. Countries depended heavily on remittances by emigrants for foreign exchange, such as China, Greece, and India, wanted to ensure that the IMF agreement classified remittances as current-account payments. After extended debate, they largely succeeded. For many occupied countries, it was apparent that the politics of achieving current-account convertibility and other aspects of monetary order after liberation would be time-consuming. Commission I therefore approved provisions in the IMF agreement to make matters easier for occupied countries. Article XIV of the final agreement remains relevant today. It permits a transitional period during which countries may delay the obligation to allow current-account convertibility. Some countries have remained in this supposedly temporary status for decades.

Even countries that had not suffered war damage worried whether the postwar international financial system would be liberal enough to encourage exports, or whether wartime restrictions on finance, which affected the financing of international trade and investment, would hinder exports. Delegates with experience in finance reassured such countries that the IMF would not be the only source of credit for financing trade transactions the postwar international financial system.

³⁴ In [chapter 4](#).

Private-sector credit would also be available, and for most countries most of the time, the private sector rather than the IMF would be the main source of credit. For small economies such as the Netherlands or New Zealand, the matter was of the utmost importance: without a postwar liberalization of world trade and finance, they would not recover their prewar standard of living because they relied on the proceeds of exports to pay for the many goods their economies were too small to produce efficiently at home.

An issue that ran through many of the topics Commission I discussed was ***how to balance the interests of large and small economies***. The large economies, particularly the United States, would supply most of the IMF's resources, while the small economies were more numerous. The IMF could not work unless each group felt that the other would not take advantage of it. To achieve balance, Commission I agreed to provisions weighting IMF voting partly but not entirely by economic size; requiring supermajorities for quorums and important decisions; and requiring the Board of Governors, the IMF's highest body, to convene whenever requested by at least five countries or one-quarter of the voting power.

Beyond the formal provisions in the IMF agreement, delegates developed an informal understanding that the IMF (and the World Bank) would make its decisions to a large extent by ***consensus*** rather than by voting. The conference itself operated by consensus rather than by voting, as much as was compatible with its tight schedule. Former officials of the IMF and World Bank who have read this book have remarked on how important the practice of seeking consensus has been in enabling the organizations to remain influential and effective.

The most important factor determining countries' influence in the IMF was ***quotas***, IMF jargon for the subscriptions of members to the organization's capital. Not surprisingly, the issue was heatedly debated. Had quotas had been allocated strictly according to economic size, the United States would have had more than half of the total. Recognizing that such a degree of dominance was the temporary result of wartime conditions and that it would be unacceptable to other countries, the United States was willing to sacrifice some of its quota. The final

agreement gave the United States approximately 31 percent of the total. Negotiators led by the United States worked for months before the conference trying to devise a consensus formula for allocating quotas. No easily calculated set of criteria found general acceptance. Ultimately the United States forced through a set of allocations through some admittedly arbitrary decisions in backroom negotiations. The allocations were acceptable to enough countries to gain approval, despite protests from countries that thought they had been short-changed. Given that later reallocations of quotas have been equally contentious, it is hard to see how else Commission I could have arrived at a decision on the subject.

Although quotas were the most importance factor determining influence in the IMF, **voting power** did not depend on quotas alone. Each member received a uniform number of base votes as well as votes proportioned to its quota. The United States thereby further sacrificed some voting power to the small economies, though it and the other largest economies retained enough voting power to ensure that they would be able to block important decisions they opposed. The largest economies also retained a degree of symbolic control of the IMF's resources by being specified as the places where the IMF would deposit the great bulk of its gold and other assets.

The IMF's Board of Governors was to contain appointed representatives from every country. For supervising the IMF's day-to-day operations, a group of more than forty countries would be too clumsy, so the Board of Governors would delegate those decisions a smaller group, the **Executive Directors**. There was general agreement, or at least acceptance, that each of the five countries with the largest quotas — the United States, United Kingdom, USSR, China, and France — should each appoint its own director. (The charter of the United Nations, agreed upon the year after Bretton Woods, contains a parallel in its provision for the same five countries to have permanent seats on the Security Council.) The other directors would be elected by coalitions of countries. It remained to be decided how many other directors there should be; whether they should be elected within regions or by potentially cross-regional coalitions of countries; whether

there should be a provision to prevent the Executive Directorate from becoming a “debtors’ club” that favor debtors over creditors unfairly and unsustainably; and what the relationship between Executive Directors and their alternates should be. The outcome was a set of compromises. Initially there were to be at least additional seven directors. To satisfy Latin American countries, which were the most numerous contingent at the conference, two Executive Directors were reserved to them. The remaining directors did not have to be elected from within specified regions. If the appointed directors did not include the two countries that had made the largest recent net additions to IMF credit, those countries would be entitled to appoint directors. (Amendments to the IMF Articles of Agreement in later years dropped the regional directors for Latin America and from creditor countries.) Alternates were to be chosen by the Executive Directors rather than separately elected.

The IMF was, as we have noted, a mixed economic and political body. One issue that came up in regard to the mixture was how the IMF should treat borrowing (“purchases,” in IMF jargon), and what **fees and interest rates** it should charge. The IMF was intended to offer credit to member governments in situations where the private sector might offer it only at high interest rates or not at all. The delegates did not wish to stigmatize borrowing to the extent that it would discourage countries in need, but they did not want the IMF to be so generous as to encourage borrowing by countries that had no real need. Experience has shown that they struck the balance they sought. The oversight that accompanies loans from the IMF has been sufficient to deter countries from requesting large loans simply because the interest rates are generally below market rates.

The final issue Commission I considered that is worth mentioning here is **changes in par values** (parities), the exchange rates with gold that member countries pledged to maintain. Delegates wanted to avoid the large surprise devaluations of the 1930s that had created tensions in financial markets and trade politics. They allowed countries to change par values within a limited range without consulting the IMF, but required consultation for larger changes. In addition, they

created an escape hatch from 1930s-style worldwide deflation, or worldwide inflation, by agreeing to a procedure for changing par values of all currencies against gold by a uniform percentage.

Commission I had four main committees. Whereas the Commission has a complete set of transcripts (in the narrow sense of word-for-word records) for its meetings, no committee has a complete set. For Committees 1, 2, and 3, transcripts exist for the earlier meetings, but only summaries or draft minutes exist for the later meetings. For Committee 4, no transcripts exist, only minutes.

Committee 1, on “Purposes, Policies, and Quotas of the Fund,” was chaired by the Chinese diplomat Tingfu Tsiang. Transcripts or detailed summaries exist for the first four of its six meetings. The committee spent a large share of its time considering proposals on the IMF’s statement of purposes. Differences of opinion within the committee were so strong that it referred the most significant proposals to Commission I rather than arriving at its own consensus on them. The committee also discussed the payment of quotas, although it did not determine the amounts of quotas, which was the province of a special ad hoc committee of Commission I. The committee decided that there would be a regular review of quotas at least every five years to determine if they needed adjustment. The committee also clarified that countries that held gold were obligated to use part of it to fulfill their quota subscriptions, but countries holding their reserves exclusively in foreign exchange, such as many countries in the sterling area, could pay exclusively in foreign exchange rather than having to scramble for gold. The other major issue the committee discussed was the obligations of member countries, especially with respect to current-account payments. There was an understanding that the IMF agreement would not commit members to remove exchange controls on capital-account payments, but committee members had different ideas about what should count as current-account payments, so the chairman referred the matter to Commission I. The committee also agreed that members would cooperate to enforce one another’s exchange controls.

Committee 2, on “Operations of the Fund,” was nominally chaired by Pavel Maletin, deputy minister of finance of the USSR, but actually run by the vice chairman, the Canadian finance official William Mackintosh. Those operations included the all-important matters of declaring and changing par values (exchange rates) with gold, and outlining the terms on which the IMF would lend. Transcripts exist for the first three of its eight meetings. In those meetings, the committee was unable to reach a consensus about how liberal the IMF’s conditions should be for member governments that want to borrow from it. Australia, Brazil, and New Zealand, which all depend for export revenue on commodities whose prices fluctuate substantially, argue for more liberal conditions than the United States, United Kingdom, and some other countries prefer. The committee also began to consider “scarce currencies,” meaning those whose stock at the IMF was exhausted, constituting a barrier to international payments. The committee concluded its discussion of these issues in later meetings for which no transcripts exist. It developed agreement on the principles concerning charges for borrowers, though not on all the details, and approved a provision allowing members to discriminate against currencies that had become scarce. In addition, the committee handled other issues not discussed in the first three meetings.

Committee 3, on “Organization and Management of the Fund,” was chaired by Artur de Souza Costa, Brazil’s minister of finance. Transcripts exist for the first three of its seven meetings. In those meetings, the committee agreed on a compromise allowing either five countries or countries with at least 25 percent of total votes to call a meeting of the Board of Governors. Similarly, it agreed that a quorum for the Board of Governors should include both two-thirds of votes and half of the member countries. To further protect small economies, the committee agreed to give each country a uniform number of base votes. Debate occurred on whether the Executive Directors should be in permanent residence at the IMF’s headquarters, but the issue was not resolved in the first three meetings. In later meetings, the committee resolved issues related to the Executive Directors and considered a number of other matters.

Committee 4, on “Form and Status of the Fund,” was chaired by Manuel Llosa, a top Peruvian legislator. Its work was mainly about how the piece of paper that was the IMF agreement would work, rather than about how the IMF as an organization would work. No transcripts of its meetings exist. We have included the draft minutes so that readers can follow events in the committee, but the minutes are so lacking in detail that they offer little opportunity for adding color. The subjects seemingly discussed at greatest length were restrictions on member countries’ power to tax the IMF and its staff; the IMF’s relationship to other international organizations; provisions specifying what would happen if member countries quit the IMF; miscellaneous powers of the IMF; and the article on interpretation of the IMF agreement.

Commission II, on the International Bank for Reconstruction and Development (World Bank), chaired by John Maynard Keynes of the United Kingdom, was the big question mark of the conference. It existed because the extent of harmony at the Atlantic City, New Jersey conference preceding Bretton Woods had created hope that the Bretton Woods conference might be able to reach a final agreement on the World Bank as well as on the IMF. To allow the conference to focus on the IMF agreement, Commission II and its committees did no work until the conference was half finished. Because Commission II was secondary to Commission I, the conference secretariat sent stenographers to Commission I when there were not enough to cover both commissions. Consequently, there is only a transcript for the second meeting of Commission II, and no transcripts of its meetings of its committees. In the meeting, Keynes leads a first run-through of the draft agreement on the World Bank. The Commission assigns to its committees clauses that give major difficulty; reserves for the Commission itself those that give intermediate difficulty; and assigns to the Drafting Committee those that give no difficulty, with the idea that the Drafting Committee will polish the language and present the result to the Commission later for only a brief discussion before final approval.

Commission III, on “other means of financial cooperation,” chaired by Eduardo Suárez of Mexico, was a forum for ideas that did not fit in the other two commissions. It seems to have been intended more to offer recommendations than to reach final agreement for action on the topics proposed to it. It held three meetings: a short organizational meeting; a meeting to review the proposals submitted to it; and a meeting to hear the recommendations of its committees and approve or disapprove the proposals. Commission III approved proposals on further study of the possible use of silver in the international monetary system; liquidation of the Bank for International Settlements as redundant given that the IMF would exist; measures to return property looted by Axis armies of occupation; and holding one or more international conferences on commodities, trade, and employment. No transcripts exist for meetings of the committees of Commission III. The most significant recommendation was to liquidate the Bank for International Settlements in Basel, Switzerland, a sort of central banker’s club that was accused of helping Germany loot assets from Allied countries during World War II. Liquidation never occurred because American animus toward the bank softened after its two most powerful critics left the U.S. Treasury. Treasury Secretary Henry Morgenthau, Jr., who had been the president of the Bretton Woods conference, resigned in July 1945 to return to private life; Harry Dexter White resigned in May 1946 to become the first U.S. Executive Director at the IMF.

Keynes in the transcripts

John Maynard Keynes is a much smaller presence in the transcripts than he was at the Bretton Woods conference. Stenographers transcribed only one of the nine meetings of Commission II, which Keynes chaired, as opposed to all nine meetings of Commission I, which Harry Dexter White chaired. Even on the basis of the sole meeting of Commission II, the contrast between Keynes’s and White’s styles is evident. White proceeded methodically, at a pace the delegates could follow. Keynes proceeded with lightning speed, hop-scotching

across the provisions of the draft World Bank agreement, because he was able to hold all of its provisions in his mind in a way that probably no other delegate could. Henry Bittermann, the secretary of Committee 2 of Commission II, later remarked that other delegates found Keynes's style as chairman confusing.³⁵

Keynes also appears in the first, second, and third meetings of Commission I. It is possible as well that Keynes made some of the remarks attributed to delegates of the United Kingdom that do not specify delegates' names.

Our editorial changes to the transcripts

We have tried to produce a version of the transcripts that is both faithful to the original text and is easy to read. Andrew Rosenberg used dictation software to create a word processing file from the Treasury Library copy of the transcripts. Kurt Schuler then proofread the file, comparing it to the Treasury Library copy. Where the Treasury Library copy was unclear we compared the word processing file to the National Archives copy. We both then read every part of the file again at least three times and added footnotes and appendices.

Our general rule has been to make unimportant changes silently but to identify important changes by brackets or footnotes. We have corrected obvious errors of punctuation and spelling, changed punctuation from the original where necessary for clarity, and written in full some words abbreviated in the original typescripts. In long speeches, we have often inserted paragraph breaks where the typescripts run on for pages at a time without them. Especially for delegates who were not native speakers of English, we have sometimes made minor changes to their wording to make their speech more grammatical, such as silently correcting their use of prepositions where the meaning they wished to convey was obvious.

We have adopted a uniform style for identifying conference meetings, delegations, and participants. For instance, the typescripts

³⁵ Bittermann (1971: 69).

identify Free French delegates by personal name only, or variously call the delegation “France,” “French delegation,” “Free French delegation,” “French National Committee,” “French Committee,” and “French Comité,” because its official name was the *Comité français de la Libération nationale* (French Committee of National Liberation). In the bold lettering that identifies speakers and their countries, we always write “France” even though it is not entirely correct. At the time of the Bretton Woods conference, the Free French government controlled Corsica and all French overseas possessions except Indochina, but Allied forces had only just begun to retake mainland France. The Free French government declared itself the provisional government of France on June 3, 1944, but the other major Allies continued to recognize the Vichy government instead until October 1944.

We identify chairmen by name and country the first time they appear in a meeting, then refer them only by position. We identify delegates by country, then list personal names in parentheses. Sometimes it is only possible to identify the country, because the stenographers did not know the name of the delegate or because multiple delegates from a country attended a meeting and in the activity of the moment it was hard to distinguish among them. Occasionally the stenographers who took the original notes could not tell who was speaking; in such cases we write “Unidentified.” Where delegates were acting as officers of a committee rather than as representatives of their countries, we list their names first, with their positions on the committee in parentheses.

We have made the following types of additions to the transcripts:

- (1) Summary headings of the topics each meeting covered, in bold italics at the start of chapters.
- (2) Short narrative summaries of many meetings, identifying the key issues and speakers, in italics at the start of chapters. We have included narrative summaries for meetings described by transcripts or summaries, but have omitted them for most meetings that are described only by brief minutes.

- (3) Material in single square brackets, indicating places where we have made insertions to clarify the text or to fill in passages where we are highly confident that we are correct. The typescripts often omit the full text of passages where delegates were reading from prepared material that appeared as published conference documents. We were usually able to locate the material in the published conference proceedings, and have used it fill in passages. The additions are often lengthy, but without them it would be hard to understand what the delegates are debating. We were also able in many cases to infer the names of delegates where the transcripts only identify their countries. In some cases the chairman or other delegates referred to speakers by name, while for some smaller countries, the lists of delegates in the conference documents specify that only one delegate was to be present at a meeting of a particular committee. In the main text, page numbers in brackets such as “[p. 12]” identify pages in the unpublished typescripts. In Appendix F, on the other hand, they identify pages in the published conference proceedings.
- (4) Material in double square brackets, [[or]], indicating passages we have filled in where ellipsis points, blank spaces, or other notations indicate that the stenographer could not follow what the speaker was saying. In such cases we make our insertions with less confidence than for material in single square brackets.
- (5) Footnotes, which we have used mainly to identify the documents the conference delegates discussed. In the set of versions of this book for portable electronic reading devices, the footnotes are hyperlinked to the documents, enabling readers to consult the documents easily.

Conference documents cited in the transcripts

In the transcripts, delegates often make remarks that assume knowledge of the conference’s system for organizing documents. Each document had a number. Some documents also had a combination

letter-number code indicating their place in the conference agenda. Document 32, the core working document on the IMF, was sometimes also termed document SA/1, “SA” meaning “Secretariat Agenda.”³⁶ Document 32 consisted of the Joint Statement by Experts on the Establishment of an International Monetary Fund published in April 1944 plus alternatives (amendments) proposed at the Atlantic City conference in June. (A minor source of confusion is that delegates sometimes referred to the whole of Document 32 as the Joint Statement, not distinguishing between the original statement and the Atlantic City alternatives.) The Joint Statement contained ten articles, compared to twenty in the final IMF Articles of Agreement. Each article was divided into sections, and some sections were further divided into subsections, also called paragraphs or items. Articles had Roman numerals; sections within articles had Arabic numerals; and alternatives had capital letters.

At the start of the conference, delegates received a loose-leaf binder, informally termed the conference “bible.” During the conference, delegations submitted further alternatives, which were printed and distributed for inclusion in the binders so that delegates could read them before debating and voting on them. Alternatives submitted during the conference were printed as individual documents. They had document numbers for easy identification and page numbers to indicate their relation to Document 32 (or, in the case of alternatives about the World Bank, Document 245). So, for example, Article IV, Section 1 was on page 16 of Document 32, and Alternative B to the section was printed as Document 177, numbered page 16a.

After delegates had made some progress on the IMF agreement, the Drafting Committee of Commission I compiled the results to date in an intermediate draft, Document 321.³⁷ Delegates sometimes called it the “New Testament” to distinguish it from the “Old Testament” of Document 32.

³⁶ [Document 32](#) of the conference (UNMFC 1948, v. 1: 21-60).

³⁷ [Document 321](#) of the conference (UNMFC 1948, v. 1: 518-537).

To enable readers to follow the discussions of various conference documents in the transcripts, Appendix F (only available in electronic reader versions) contains almost all those documents. Clicking on hyperlinks to footnotes and then on hyperlinks in the footnotes to documents will take readers to, or a little above, the passage discussed in the main text.

To compress the documents in Appendix F, we have converted them from PDF scans of the conference proceedings made using optical character recognition software. We have proofread the resulting files, but some conversion errors may remain. As described below, readers can consult the PDF files online if they doubt the accuracy of Appendix F. The documents in Appendix F are only a portion of the full conference documents.

Versions of this book

We are issuing this book in three versions. One version, or more precisely set of versions, is for portable electronic reading devices. It has reflowable text adaptable to various formats. The electronic reader version is really two volumes in one: the edited conference transcripts, and additional conference documents cited in the transcripts, contained in Appendix F and hyperlinked to the transcripts. Although the electronic reader version is hundreds of pages long, it costs no more than a mass-market paperback.

The second version of the book is a PDF file. The PDF version lacks working hyperlinks. It does, however, include the concordances of the IMF and World Bank agreements in Appendix E, which the electronic reader versions omit because the formatting is awkward. We will issue the PDF version in 2013.

The third version of the book is a paper edition, which we expect to issue sometime in 2013. To keep the paper edition to a manageable size and reduce its printing costs, it will omit the documents in Appendix F, which are available elsewhere in print and online.

Because the page numbers of the various versions of the book may differ, we suggest that scholars who wish to cite page numbers of the transcripts use the commission or committee number, date, and typescript page numbers. The typescript page numbers appear in the transcripts within square brackets. In some cases, the typescripts for a meeting comprise two sets of typed pages, numbered separately rather than continuously. In such cases we have numbered pages of the second set with their own set numbers first, followed in parentheses by the numbers of a consecutive ordering. So, “[p. 3 (14)]” indicates that the page number in the typescript is 3 and that the page is the 14th page for the meeting in question, implying that the first 11 pages belong to a separately numbered set.

To ensure that the edited transcripts will be free of the copyright problems that keep some important scholarly books out of print for decades before they pass into the public domain, we have limited our claim of copyright for the electronic edition to ten years. The expanded content of the electronic edition, use of internal hyperlinks to allow readers to check references, low price, free dissemination of related documents, and voluntary limitation of copyright to far less than the 99-year term that American law currently grants are practices that we hope other economists and historians will imitate.

Other publications of and about the conference

Until now, the only really detailed original source publication on the Bretton Woods conference has been two volumes of conference proceedings issued in 1948 by the U.S. Department of State with the help of the IMF and World Bank.³⁸ At the conference, about 500 official documents were issued to delegates or to the press. Conference documents included drafts of the agreements to establish the IMF and World Bank, proposed alternative clauses, committee reports, and press releases. The conference secretariat published a daily journal to keep delegates informed of meeting schedules and of the results of the

³⁸ UNMFC (1948).

deliberations of the commissions and major committees. Appendix C contains a list of conference documents. The 1948 volumes reprinted all the conference documents judged likely to have lasting historical significance.

The conference documents not published in 1948, while of lower significance, offer some useful tidbits of background. We therefore examined and photographed all that we found at the National Archives in College Park, Maryland, and at the Library of Congress and the U.S. Treasury Library in Washington, D.C. The copies at the National Archives are sheets of loose paper. The copies at the Library of Congress and the Treasury Library are bound volumes, issued by the Treasury.³⁹ As described below, both the published and unpublished documents are available online.

Besides the published conference documents, the other main source of first-hand information about the conference that previous researchers have used is the reminiscences of participants. More than a dozen participants wrote unpublished letters or memos that were eventually archived; later published essays or chapters in memoirs; or gave interviews about the conference. John Maynard Keynes's letters and memos on the conference, many of which were published in his *Collected Writings*, are the best-known material in this category.⁴⁰

³⁹ United States Department of the Treasury (1944).

⁴⁰ Acheson (1969: 81-84); Beyen (1949: 169-180); Bittermann (1971: 69-83); Black (1991: 35-49); Blum (1967: 257-278); Cornish (1993: 447-450); Harrod (1951: 577-584); Crombois (2011: 105-108); Harry S. Truman Library and Museum [2012]; Keynes (1980b: 72-112); Kirshner (1996: 19-51); Madan (1969); Mikesell (1994; 2000: 42-61); Moggridge (1992: 712-755); Morgenthau (2007: v. 749-757); Robbins in Robbins and Meade (1981: 166-193); Skidelsky (2001: 347-356); World Bank Archives Oral History Program [2012]; and Young (1950). In addition, there are unpublished papers that may be useful, such as those of Edward M. Bernstein at the Louis Round Wilson Special Collections Library of the University of North Carolina; John Maynard Keynes in the Modern Archives at King's College, University of Cambridge; and Harry Dexter White at the Mudd Manuscript Library of Princeton University. Sources for official material include the British National Archives, U.S.

Online companion files

The Web site of the Center for Financial Stability contains a free Web page on this book. There, readers can consult extensive online companion files containing the previously published conference proceedings; photographs of the original typewritten transcripts; other documents prepared for the conference but not published as part of the conference proceedings; and certain extra documents related to the conference. The combined extent of the companion files is roughly 3,000 pages.

To repeat, the U.S. Department of State published two volumes of conference proceedings in 1948. Whereas Appendix F reprints only the documents from the volumes that delegates refer to in the transcripts, the Web page has PDF files of the full volumes.

To allow interested readers to compare our edited version of the transcripts to the original typescripts, we have made digital photographs of the typescripts and converted them into PDF files, one file per chapter.

The conference proceedings published in 1948 excluded some documents not considered of sufficient general interest to justify the cost of printing. Today, the low cost of digital photography and data storage argues for making the documents available even though they may interest only a handful of readers. The Web page therefore contains PDF files of digital photographs of all the previously unpublished official conference documents we found. Most are new bulletins for delegates or notices of the conference secretariat about logistics, including conference telephone directories.

National Archives, IMF Archives, World Bank Archives, and the Federal Reserve Bank of St. Louis's online database, FRASER (Federal Reserve Archival System for Economic Research). Keynes's Treasury papers are collected in Keynes (undated).

Finally, we have also made available online certain extra documents related to the conference.⁴¹

Because the typescripts, other previously unpublished conference documents, and the previously published conference proceedings are products of the U.S. government, they themselves are not copyrighted.⁴² Our edited version of the transcripts is copyrighted, however, as are our photographs in the electronic companion files just described. Persons who wish to make copies of the content in the electronic companion files may lawfully do so by seeking out and photographing the original documents, as we did, but may not copy our files without our permission.

We have not created an index to the transcripts because we think that the full table of contents combined with electronic search capability provides a close enough substitute. The conference proceedings published in 1948 contain multiple indices at the end, which will be useful to readers who wish to make a deep study of the conference.

Acknowledgements; comments and corrections

We thank Zac Twining and Andy Young of the U.S. Treasury Library for help with its copies of the Bretton Woods transcripts. Carole Brookins, Benjamin Jerry Cohen, Barry Eichengreen, Eric Rauchway, Stephen Schuker, and Benn Steil made helpful comments on drafts. For the preface, we thank Jacques de Larosière and Steve H. Hanke. Roger Farley offered revealing advice on marketing. For extensive help with bringing the book to publication and with the online compansion files to the book, we thank at the Center for Financial Stability Jeff van den Noort, LeAnn Yee, and especially Lawrence Goodman.

Readers may address comments to Kurt Schuler at kschuler@the-cfs.org. We welcome comments about possible errors or other points readers think we should note. We plan to issue an updated electronic

⁴¹ The documents include Acsay (2000) and Federal Reserve [1946].

⁴² United States Code, Title 17, Section 105, as of October 2012.

edition of the book should the initial edition contain significant errors. Purchasers of the initial electronic edition will be entitled to receive the updated edition for free.

Table. Assignments of Committees of Commission I (IMF)

Correspondence between preliminary draft (outlined in Document 51) and final agreement (Document 492)

Committee 1: Purposes, Policies, and Quotas of the Fund

Article I, Purpose and Policies of the Fund *became* Article I, Purposes
Article II, Subscription to the Fund *became* Article II, Membership;
Article III, Quotas and Subscriptions; *and* Schedule A, Quotas
Article IX, Sections 1-4, Obligations of Member Countries (exchange rates) *became* Article VIII, General Obligations of Members *and* Schedule B, Provisions with Respect to Repurchase by a Member of Its Currency Held by the Fund

Committee 2: Operations of the Fund

Article III, Transactions with the Fund *became* Article V, Transactions with the Fund
Article IV, Par Values of Member Currencies *became* Article IV, Par Values of Currencies
Article V, Capital Transactions *became* Article VI, Capital Transfers
Article VI, Apportionment of Scarce Currencies *became* Article VII, Scarce Currencies
Article X, Transitional Arrangements *became* Article XIV, Transitional Period

Committee 3: Organization and Management of the Fund

Article VII, Management of the Fund *became* Article XII, Organization and Management; Article XIII, Offices and Depositories; *and* Schedule C, Election of Executive Directors
Article VIII, Withdrawal from the Fund *became* Article XV, Withdrawal from Membership *and* Schedule D, Settlement of Accounts with Members Withdrawing

Committee 4: Form and Status of the Fund

Article IX, Sections 5-7, Obligations of Member Countries (immunities of the Fund) *became* Article IX, Status, Immunities and Privileges
Article X, Relations with Other International Organizations *became*
Article XI, Relations with Non-Member Countries
Article XI, Amendments *became* Article XVII, Amendments
Article XII, Interpretation of the Agreement *became* Article XVIII, Interpretation *and* Article XIX, Explanation of Terms
Article XIII, [Final Provisions] *became* Article XVI, Emergency Provisions; Article XX, Final Provisions; *and* Schedule E, Administration of Liquidation

Sources: Information on the preliminary draft comes from [Document 51](#) of the conference (UMFC 1948, v. 1: 88-91); information on the final agreement is our elaboration based on [Document 492](#) of the conference (UNMFC 1948, v. 1: 927-984).

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The references emphasize first-hand accounts of the Bretton Woods conference or writings that use first-hand accounts and original documents extensively. A much larger body of writing exists that discusses the Bretton Woods agreements and their consequences. For a bibliography on the agreements close to the time they were written, see Federal Reserve (1946); for a later bibliography, see Joint Bank-Fund Library (2004b); for the latest research, see Rauchway (forthcoming). All hyperlinks worked as of October 4, 2012. To recover links that become broken, try the “Wayback Machine” of the Internet Archive, at <http://archive.org>.

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Commission I International Monetary Fund Seventh meeting: transcript July 15, 1944, 4:15 p.m.⁴³

Depositories, continued • Report of Committee on Quotas • Disagreements with proposed quotas • Election of Executive Directors • Gold contributions of countries damaged by war

The Commission resumes the discussion of depositories it started before lunch. An amended draft specifies only that the IMF shall initially hold the bulk of its gold in locations specified by the five largest shareholders, not that it shall hold the gold there permanently, as the previous draft said. Despite objections by some small countries, supporting the criticism made by Wim Beyen of the Netherlands before lunch that the matter was best left to the business judgment of the IMF's management, the Commission approves the amended provision.

Fred Vinson, the vice chairman of the American delegation and the chairman of the Committee on Quotas, presents the committee's report. Vinson had a background as judge and politician; at the time of the Bretton Woods conference, he was the director of the Office of Economic Stabilization, a government agency that administered wartime price controls. He offers a lengthy justification of the committee's recommendation, observing that wartime economic problems and other considerations made it impossible to determine

⁴³ Summarized in [Document 410](#), pp. 652-653, and [Document 431](#) (410), p. 733.

quotas by a simple formula, and that determining the proposed quotas consequently involved a large measure of judgment. He acknowledges that the proposal will leave many delegations unhappy, but pleads with the delegates to act in a spirit of unity.

Despite Vinson's plea, delegates from many countries immediately register their displeasure with the proposed quotas. The common complaint is that the quotas are too small and do not adequately reflect the economic standing the delegates imagine their countries will achieve, or reattain, after the war. That is particularly the case for China, France, and India. Harry Dexter White, temporarily stepping out of his role as chairman of the Commission twice during the debate and speaking as the main originator of the IMF agreement, says that the emphasis on quotas is exaggerated. He points out that quotas do not measure the assistance that the IMF will be prepared to give to countries experiencing balance of payments problems. He does not sufficiently acknowledge, however, that quotas will be closely related to voting power and that voting power, which will affect the ability of countries to influence the selection of the IMF's Executive Directors, is the real underlying issue. After further debate, the Commission approves the proposed quotas without changes. (They would become Schedule A in the final agreement.)

The Commission then turns to Cuba's proposal that two of the elected Executive Directors be appointed by "American Republics." The IMF agreement as it stands at the start of this meeting provides for the members with the five largest quotas (understood to be the five major World War II Allies: China, France, the USSR, United Kingdom, and United States) to appoint Executive Directors representing the exclusively. The remaining Executive Directors will be elected by coalitions of countries with smaller quotas. Cuba's defines the "American Republics" as the Western Hemisphere countries other than the United States. Canada proposes that the Executive Directors include representatives of the two largest net creditor countries so that the Executive Directorate does not become a "debtor's club." Egypt proposes that two Executive Directors be from the Middle East. The Commission accepts Canada's proposal.

The USSR proposes to allow countries substantially damaged by the war to reduce their initial gold payments by 75 percent. The Commission rejects the proposal, apparently because too many delegations think it would weaken the IMF's financial position.

The Commission then returns to the section on Executive Directors, as amended, and approves the whole section (Article XI, Section 3 of the intermediate draft; Article XIII, Section 3 of the final agreement).

Chairman (Harry Dexter White, United States): The meeting will please come to order.

We have had mimeographed the provision [on depositories] which we were discussing before lunch.⁴⁴ You will notice that the second sentence begins with the word “initially,” and that the presence of that word and the subsequent sentence were the grounds for the statement of the Chair that the previous provisions seemed to be misunderstood. Is there any discussion on the provision, since you have it before you and have had an opportunity to examine it carefully?

Netherlands ([Wim Beyen?): Mr. Chairman, I of course appreciate the technical difficulty brought into this clause by the word “initially.” The technical difference is [that] with the word “initially”

⁴⁴ [Document 403](#), p. 642. The provision was a substitute for Article VII, Section 6(b) of Alternative A in the preliminary draft. In the intermediate draft it was renumbered Article XII, Section 2 (“Depositories of the Fund”). The text reads:

“(b) The Fund may hold other assets, including gold, in designated depositories in the five members having the largest quotas and in such other depositories as the Fund may select. Initially at least one-half of the holdings of the Fund shall be held in the designated depository in the member in which the Fund has its principal office and at least 40 percent of the holdings shall be held in the other principal four depositories. However, all transfers of gold by the Fund shall be made with due regard to the costs of transport and expected requirements of the Fund. In an emergency, the Executive Directors may transfer all or any part of the Fund's holdings of gold to any place where can be adequately protected.”

brought into it, the text has lost whatever meaning it ever had. If I base myself on that one word, I argue that as it has no meaning, there could be no objection to it. Still, Mr. Chairman, [we oppose it] not [on] any basis [that] the hard-boiled businessman wanted this or that, but on the basis that he perceived that it is dangerous to have a clause that has no meaning, and that the principle should read [i.e., should be] that the Fund should decide where the gold should be always, considering that the people should have sufficient influence in the Fund. The Netherlands delegation regrets that it has to stick to its opposition against a clause of that kind. We are perfectly willing to accept the fact that the larger quota holders must have in various aspects special rights. But there must be some justification for the special rights in the matter itself. We have not been convinced that there is any justification in this matter for giving the larger quota holders any rights in this respect and therefore we regret we have to stick to our objection. [p. 2]

Belgium ([Camille Gutt]): Gentlemen, I am awfully sorry to prolong the discussion, therefore I will [say only] a very few words in wholehearted support of the position taken by the Netherlands. I would be quite ready as a practical suggestion to accept that the whole of the gold shall be deposited in the principal office of the Fund, and then it would go to and fro according to necessity. I would be quite ready to accept that the gold be deposited in the country where the currency is the most likely to become scarce, because it seems to me the gold would have to be shipped to those countries, [so] then let's do it at once. I am quite ready to [accept] any suggestion. In other words, it takes care of the practical aspect of the thing, but not of the theoretical aspect as set forth in this paper. Therefore, I support the [motion] of the Netherlands delegate.

Peru: Mr. Chairman, apart from the reason given by the Netherlands and Belgium, I want to say that I am very much afraid that if this clause were to remain as it is, there would be a lot of misapprehension in some of the countries like ours, because I assume that the depositories would be located in the capitals of the five countries holding the largest quotas. In our country, where there is no great danger from the war, and although the countries [such as ours]

have the greatest trust and confidence in their governments [i.e., those of the countries with the largest quotas] — this is no reflection on the countries themselves, or depositors — the experience of the last five years unfortunately has created this impression.

Chairman: I might call attention to the phrase in the third line to avoid misunderstanding: “and in such other depositories.” In other words, the gold is not limited to the five cities, but 10 percent may be in other depositories.

Norway: I should like to say that the new wording is in a sense a great improvement. But from my point of view, [p. 3] the main fault of the previous job [i.e., draft] was that it tied down the Fund too much, made the rules too strict to operate for the Fund. But I understand the introduction of the word “initially” to mean [recognition of] a great reality, namely, that the Fund will not completely be tied [down], and [it can move] away from the [initial] distribution if it finds that practical. And from the point of view of business, I think that all central banks will have [such] great connections with the central banks of the five great depositories that will be quite easy for them. I should like therefore to move, Mr. Chairman, that we accept the amended draft.

Chairman: Was the comment of the Netherlands a motion or merely a comment?

Netherlands(?): I make it into a motion not to accept this clause.

Belgium ([Camille Gutt]): Seconded.

Chairman: The comments of the delegate from Norway — in view of the fact that the motion already made on the floor may either take the form of an amendment, or, if you prefer to express your reasons for not accepting the motion, suppose we interpret your remarks as not in favor of accepting the motion of the Netherlands. Would that be satisfactory to the delegate from Norway? Are you in favor of the draft as presented by the [Special] Committee?

(Chorus of “ayes.”)

Chairman: Any other comment?

France ([Pierre Mendès-France]): (interpreted) The chief of the French delegation was very much impressed by the arguments

presented by the representative of the Netherlands. The new draft, he says, contains the point of view which indicates great promise. He does not understand the concern about the new text. He says that we are assured by the [p. 4] text that the needs will be met. The French Committee approves [of] the amended draft.

Chairman: Are there any other comments?

Canada: Mr. Chairman, I would agree that the practical effect of this amended draft is not one that we would feel. We do agree, however, with the delegate from the Netherlands that the text as it stands in the wording is not one that we would like to see go into the document, even though our understanding is that after operations began, the management of the Fund is free to move gold as it feels it is necessary to move it.

Chairman: The Canadian delegate was supporting the position of the Netherlands. Is there any further comment on this position?

USSR (Aleksei Smirnov): Mr. Chairman, the Soviet delegation has already expressed its view that it is in consent with this proposal and with the drafting proposed now, with the exception of the last sentence. I think that the last sentence is not necessary in this provision, and that it is perhaps not suitable in a document establishing a Monetary Fund in which the countries who take part in this agreement in advance make doubtful the normal conditions in which the Fund would function. Therefore, the Soviet delegation proposes to delete this last sentence from the draft.

Chairman: Is that in the form of an amendment? Mr. Delegate, I presume the Soviet delegation is amending the motion to delete the last sentence in this paragraph. Does anyone second that amendment?

United States: Have we not for discussion the resolution which has been moved?

Chairman: The resolution has been moved to eliminate this discussion from the motion before the house, unless a new motion [p. 5] is before the floor. I thought we could handle this as merely an amendment. We revert to the original motion. Any second?

If not, the amendment is lost.

Proceed to the original motion. Would it be satisfactory to use the simple form to vote on whether the recommendation of the [Special] Committee in the form now before you is accepted or rejected? All in favor of accepting the provision as stated in the mimeographed sheet which was handed to you this session, please say “aye.”

(Chorus of “ayes.”)

Contrary minded?

(Some “noes.”)

Unless there is objection, the Chair rules that the recommendation has been accepted.

The next item on the agenda is the report from the Quota Committee.

The Chair recognizes the delegate from the USSR.

USSR: Mr. Chairman, the Soviet Union delegation wants to make a reservation in respect of the last sentence of this proposal, in the words “in an emergency,” etc. We believe it is not necessary to insert in this document such words, which make doubtful the normal functioning of the Fund, and therefore the USSR expresses the view that this last sentence should be deleted from the draft.

Chairman: The Secretary will note the reservation stated by the USSR. Will the delegate from the United States proceed? [p. 6]

Fred Vinson (United States, Chairman, Committee on Quotas):⁴⁵ Mr. Chairman, as chairman of the Committee on Quotas, I present to this Commission the report of its committee,⁴⁶ which has been distributed, and I move its adoption.

Prior to action upon the motion, it might be well to review the efforts made and the difficulties encountered in a work of this character. I assure you that it has been a most difficult task, one that

⁴⁵ The National Archives transcripts contain a typescript of Vinson’s remarks separate from the typescript of this meeting of Commission I. They appear to be prepared remarks from which he departed at times to extemporize. We have followed the typescript from the Commission meeting, but used the separate typescript to compare some passages.

⁴⁶ [Document 395](#), pp. 634-635.

has occupied hours of close attention to its purpose. It should be stated that there is some confusion in our midst relative to certain statements, certain figures that came to countries assembled here at one time and another. The government of the United States spent a great deal of the time last year and this year assembling data upon which quotas might be based. In the initial stages, it was thought that the world total for the Fund should be \$10 billion, and that the aggregate quota for member countries, excluding neutral and enemy countries, should reach the figure of \$8 billion.

A uniform formula was sought, which, if it could be effectuated, would permit the fixing of quotas practically on a slide-rule basis. Much consideration was given to attempting to work out a formula that would fit all the countries assembled here and the other countries of the world. Immediate questions of the period that would be used came up for discussion, and it had to be discarded because a period that would be fair to one country could not be fair to other countries. The question of trade was considered, and particularly trade in which there were excessive fluctuations. The question of gold and gold convertibles [i.e., gold-convertible currencies] was discussed — purely as a measure to show capacity to pay, and need for the Fund. I am told that the information in respect [p. 7] of national income, while for some countries good, for other countries [was] nil, but still the technical experts struggled on, and at different times to different representatives of this group, certain statements were made. Most of those, as I understand it, [were made] last year; some, at least, this year.

It has been determined that we can [stretch], possibly with some danger, the maximum amount of the quota, and your Committee has reached the maximum in the sum of \$8.8 billion. Immediately we see that there has been an increase above the \$8 billion of \$800 million. I want make it clear to the Commission that I think it is needless to state it, but I, with your permission, will make the statement that the determination of quotas is a matter for the delegates, for the Commission, and for the conference. Certainly no nation could be [bound] by tentative statements, tentative figures before we meet here in this conference. I want to say to you candidly that the delegates of

the United States here submitted a list of the quotas aggregating \$8 billion. There has not been a single reduction from the figures submitted to the American delegates, and [among] the countries who made reservations this morning, five of them, there is only one country whose figure was not increased. Fifteen members constituted the Committee on Quotas. Reservations were made by five of the representatives present.

The agreement, if reached in this country, and if confirmed by the legislators of the countries signatory thereto, will be an agreement of obligation and benefit. Quotas naturally are a considerable part of the benefit. Some members seemed to feel that once a quota is established that no change can be made in it. Anyone having that idea of course is proceeding upon a false premise, because the agreement itself contains unequivocal [p. 8] language in respect to either increasing or decreasing the quota initially fixed. As I recall, it required a four-fifths vote of the governments. Basically, the question of need to use the Fund is the central theme, or should be the central theme, in the amount fixed. At least, that has been the "thread of gold" of those who have been working upon the subject.

We regret that every member is not completely happy with the quota proposed by your Committee. Having been engaged in public life for a few years, I assure you that I have no hope that such a condition would be obtained. But I do ask you to consider the difficulties presented, the different conditions that exist in various countries, the fact that it was impossible, I repeat, impossible, to put a slide rule on the economy of forty-four nations and come up and say that "this is it." Your Committee has performed as well as it could. I think more is involved, gentlemen, in the consideration that will be given to the report of the Committee than the dollars or pride of position that may be in the minds of some of you. I would not take away benefit from any country in dollars, nor would I seek in any sense to depreciate her prestige or her standing.

We are met here in Bretton Woods in an experimental test, probably the first time in the history of the world that forty-four nations have convened seeking to solve difficult economic problems.

We fight together on sodden battlefields. We sail together on the majestic blue. We fly together in the ethereal sky. The test of this conference is whether we can walk together, solve our economic problems, down the road to peace as we today march to victory. Sometimes [certain] problems seem to be most important on a particular day. Some folks think that the problems of the world were made to be solved in a day or in one conference. That can't be. We must have cooperation, collaboration; utilize the machinery, the instrumentalities, that [p. 9] have been set up to provide succor to those who are hungry and ill; to set up, establish instrumentalities that will stabilize or tend toward stabilization of economies of our world. Maybe then some of the germs will be attacked either by serum or friendship and destroyed; maybe wars may be deferred or postponed indefinitely. I know it is our hope, our objective, to reach that. The delegation of the United States submits that in respect of certain amounts, they may not be just exactly what the delegates from that particular country desire. If there be any irritation or unhappiness, we certainly regret it, because any error on our part is of the head and not of the heart. [p. 10]

Chairman: You have heard the report of the Quota Committee. The delegate from Iran.

Iran: In spite of the very eloquent and moving speech of the United States delegate, on behalf of the Iranian delegation I wish to state that the quota proposed for my country is entirely unsatisfactory and unacceptable. I, therefore, wish to make a reservation on that point.

China: Mr. Chairman.

Chairman: The delegate from China.

China: Mr. Chairman, after listening to the moving appeal of the chairman of our Quota Committee, I hesitate greatly to sound a note of discord at this conference. It has been the effort of the Chinese delegation to promote harmony and the success of this great common enterprise. But every delegation has its difficulties. Candor requires me to state simply and briefly the difficulties facing the Chinese delegation.

Before the conference met, we had been told that the total of this Fund would be about \$8 billion. And we in China, calculating our needs and our economic position, had hoped that we would be assigned a quota of about \$700 million. During these days at Bretton Woods we have found it desirable to increase the total beyond the original \$8 billion, and we have also found it necessary and wise to increase substantially the quotas of some countries beyond the figure suggested before the conference. The present quota, as stated by the Quota Committee, for China, when published, would be received with general disappointment by the people of China. The Chinese delegation is compelled to state that the quota is not acceptable and suggests that the Quota Committee [p. 11] reconsider the matter.

Chairman: Any further comments?

The delegate from Greece.

Greece (Kyriakos Varvaressos): Mr. Chairman, I see that the aggregate of quotas has been increased by [\$]800 million and I remark that all countries in the position of my country have a slight share in this increase except Greece, and I should like to ask for reconsideration of this fact. All countries in the same position as my country have participated to a small extent in this increase except our country, and I think that there is little doubt that Greece after the war will have to meet some requirements which are recognized as very heavy.⁴⁷

Chairman: The delegate from the Netherlands.

Netherlands (Wim Beyen): Mr. Chairman, I will start by stating that the Netherlands delegation is well aware of the enormous difficulties that the making up of this list involved and it, therefore, agrees with what was said by Judge Vinson about it. As regards the quota for the Netherlands, I am not going to say that we are dissatisfied, but I would like to make three points which I don't think will hold up, as far as we are concerned, the coming to a general agreement. The three points are the following:

⁴⁷ The implication is that despite expecting high costs for postwar reconstruction, Greece will still wish to share in the increase in quotas.

First of all, I would like it to be understood that the acceptance of this figure by no means means the acceptance either of the formula or of the application of the formula. I think that it is necessary to state that. It means that this will in no way prejudice any future talk about quotas when the circumstances might arise that the quotas would be revised. I don't mean to say the figures are wrong; I only want to say it should not [p. 12] prejudice us in any way in any future talks, and we want to have it understood the acceptance of the figure does not mean acceptance of its basis or its statistical form.

The second point is that we have not yet officially accepted the clauses about election of directors. A slight reservation is that respect seems to be necessary. In connection therewith, I want to point out that a quota is not an absolute figure; it is a part of a total figure. And, therefore, acceptance of the quota implies that the total figure should not be changed.

My third reservation is the purely formal one that though I know that signing the final draft does not actually bind governments, I think for my part I am under the obligation to submit the figure of the quota to my government, and I am sure⁴⁸ I can give you a definite opinion before the end of the conference.

Chairman: The delegate from Australia.

Australia: Mr. Chairman, the Australian delegation recognized the difficulties that the Quota Committee had to face in drawing up this list of quotas and, within the limitations set, it appreciates that it has done well. Nevertheless, this quota, combined with the limitation of the annual drawings to 25 percent, presents Australia with difficulties, and I feel I must place those difficulties on record very briefly.

We will finish the war with very small reserves of gold or dollars outside of what is in the Fund. We must rely, therefore, almost entirely on the Fund for our needs, and because of the fluctuations in our balance of payments, the quota will not be adequate for that purpose. The task we are faced with, therefore, is one of building up free [p. 13] liquid reserves outside the Fund. That means that unless immediately

⁴⁸ Perhaps the speaker or the typescript should have said "not sure" here.

after the war it so happens that we have very favorable seasons,⁴⁹ we will be forced to a restrictive process in trade, which is in conflict with the purposes and policies of this Fund. Therefore, I have to add my reservation on behalf of the Australian delegation to the reservations of other countries.

Chairman: The delegate from India.

India: Mr. Chairman, I feel I must say a few words of explanation of the fact that it has been necessary for me to make a reservation on behalf of India. The delegation from India is fully conscious of the extreme difficulties which have had to be met in handling this complicated matter. At the same time, they are aware of the strong feeling in the countries which they represent that India's importance, India's economic importance, should be recognized in international institutions of this character. It is not merely the size of India; it is not merely the population of India — and I may say that one out of every four of the people represented at this conference is an Indian — it is that on purely objective economic criteria, India feels that she is an extremely important part of the world and will probably be an even more important part in the years to come.

Now, sir, India is not disposed to argue about the absolute figure of the quota in the way in which other countries might wish to do. She is more concerned with their relative position among the countries which will subscribe to the setting up of this institution. India feels that in an institution of this character, if due regard is paid to her economic significance, she should be in no danger of failing to secure an adequate place [p. 14] in the councils of the institution. We recognize that other considerations than the economic criteria which underlay the formula applied have to be taken into account, but we feel that the application of such considerations should not result in injustice being done, or in such a distortion of the economic merits of the case as would leave India at a disadvantage. It will be clear, therefore, sir, that I agree with what has been said by the delegate from the Netherlands, and it is not

⁴⁹ “Favorable seasons” refers to good weather for harvests, since Australia's exports were mainly agricultural.

merely the question of the quota, but the question of the combined effect of the quota and the arrangements for the management of the Fund which are India's concern.

Chairman: Is there any further comment?

The delegate from Yugoslavia.

Yugoslavia ([Vladimir Rybář]): Mr. Chairman, I appreciate the appeal of Mr. Vinson and the reason he has given for the cooperation, but on behalf of my government I would like to make some reservations concerning the quota of Yugoslavia in view of the economic disruption and heavy destruction Yugoslavia suffered from the war.

Chairman: The delegate from New Zealand.

New Zealand: Mr. Chairman, I believe that the country I represent is the one out of the fifteen that didn't get a little more. I understand that fifteen made representations that the sum they had originally been proposed [to] be allocated [was too small,] and all had made representations with the exception of one. I want to bring up this point with regard to New Zealand. Because of the various factors that come into its peculiar position, the sum that has been allocated, \$50 million, on the list is inadequate, and I am not in any way detracting from all that [p. 15] Judge Vinson had to say. I believe that this Fund is more important than any single quota. The establishment of this Fund is more important than satisfying every individual country, and it would be wrong for any representative to come here and accept something that was likely later to cause disruption and dislocation without saying what he thought of it.

I think it ought to be known that while it is comparatively a small country, very small, only a little bit larger than the United Kingdom in area, and [of] the same potential if we take the years that are to come instead of the years that are passed. Taking those factors into account, and the smallness of its population, it is correct to say that it has got the largest per capita trade of any country in the world, and in the main I think there are only two other countries that export more of their total production than does New Zealand. And the commodities that we do export are those types of commodities that automatically feel the

pressure of change in economic circumstances throughout the world. I could give one year when we had a lot of trouble when our exports exceeded our imports by something like £19 million sterling. That would be an unfair figure because it was 1921, and that was when the trouble came to a head after the last war. But I have got one or two figures that I can give, and I am only stressing this on the basis of need, need of facilities to use, need of facilities to use if circumstances become bad. Here are disparities. Within a short period [[we went from a]] £16 million surplus in one year, 1934, [to] £10 million the next, in 1938 it was only £5 millions, and it is worthwhile remembering that we have an overseas commitment that [p. 16] we have always met, and I hope will always meet, of something more than £5½ million sterling, but we have that to meet *and* current transactions on debt. Well, now, those factors are such that when the first figure was suggested to us we said what we thought had to be done, and I am sorry,⁵⁰ but we were the one country, we did not go to the United States. I want that to be emphasized, we did not make any representations whatever to the United States or to the chairman of the [Quota] Committee or to anyone else before the committee meeting this morning, and we did discuss it with other people.

Now, if we take the points that are raised and still weigh them, there are two different types of need. If our need is measured alongside those countries that have lost all chance of making exchange during the past four years and may have no chance for some other use, it is very small; we have no need of that kind. We have no need with regard to the ravages of war. We can care for ourselves. It does mean that we can care for ourselves. And we would like, in so far as we are a member of this Fund, to be a contributing party on the basis of capacity to produce to help those that are in need. I am talking about general credits as well as in relieving those needs ourselves.

⁵⁰ That is, sorry to identify New Zealand as the one country that did not get a higher quota, thereby depriving the chairman of the Committee on Quotas, Fred Vinson, deniability about what particular countries did or did not get.

We think, first of all, that the two types of need ought to be stressed: the one, the war needs — [for these,] we ought to be helpful, rather than receiving [i.e., being a debtor] ourselves. With regard to the other need, though, our country's trade is such that throughout the century that we have been a country subject to such difficulties in connection with falls and rises in prices that we have had two or three crises in [p. 17] the last thirty or forty years. We can't very well have an exporting deficit as against imports and at the same time meet commitments other than trade commits. That is what we have had to do in the past.

The next [point], with regard to ability and capacity: we do not need any help for that. We want to [help], insofar as the Fund is built up into figures which tend to denote the extent to which each country having a quota allocated to it can help in world trade. I think for that reason we ought to have, again, a high quota. We ought to have a high quota because the products of our area are so good in general that there is a fairly large demand for them, and the lower this quota the worse and the greater our difficulty will be — and the potential, which I think also is tremendous. We have got to take those factors into account. I do not know the exact measures that the committee tried to use. I do know that whoever tried to use them had a task that seemed impossible to satisfy everyone.

I happen to be one [delegate] that was not satisfied. I know that they have tried inside the two years, about two years now, since the first inquiry for figures, to find a measure.⁵¹ And now I thought that we would be able to argue a reason [to] show that this wasn't a fair sum, taking into account the country that I represent, its production, its trade, and all other factors. I do not think it is, but I would say this, with all the implications attached it, that even though the committee is not for it — and I hope it will be, unless there are other factors that suggest to me that the Fund will not do what the promoters of it intended it to do — I will go back and advocate the figure that is given, whatever it might be. I don't want it on the basis of charity, of

⁵¹ That is, a satisfactory formula for determining quotas.

somebody [p. 18] being kind. Don't misunderstand me. I don't want anybody to be kind to us. There are a lot of people that ought to be subject to kindness, not with others feeling that we are kind to them. We don't want that. We have got probably comparatively, inside our little country, as good a living standard as there is in any other country in the world — it isn't that. There are difficulties that arise inside the country that it would be impossible for us just for the moment to meet unless we in effect are a factor in world trade. We want to help the expanding side of it. We ought to have more. If we get more,⁵² I will still fight for the Fund to go into operation.

Chairman: The Vice Chairman being absent, I should like the permission of the Commission to make a few remarks on this point.

If there is no objection, I shall do so.

The delegate from New Zealand has marshaled some impressive facts and has made a convincing talk, raising the point that the needs of his country, the swings and the balances of payments, justified a larger quota. We recognize the cogency of that. We did recognize the fact that several countries may be in that very same position, and it was in recognition of that fact that [Article III, Section 2, Alternative A,] Section [paragraph] (4)⁵³ was introduced. And I should like to quote but one sentence from that Section 4. It says that in making such waiver — namely, the waiver of the conditions of the quota — the Fund shall take into consideration periodic or exceptional requirements of the members. I have no doubt that the delegate [p. 19] from New Zealand or the representative of any other country that happens to be a member of the Fund will, if it has a convincing case, be able to present

⁵² Perhaps the speaker or the typescript should have said “fail to get more” here.

⁵³ In [Document 32, p. 29](#). In the intermediate draft, [Document 321, p. 524](#), it became Article V, Section 5, and read in part, “The Fund may in its discretion, and on terms which safeguard its interests, waive any of the conditions prescribed in Section 3 above, especially in the case of members with a record of avoiding large or continuous use of the Fund's resources. In making such waiver it shall take into consideration periodic or exceptional requirements of members.”

it effectively to the Executive Committee. I have equal confidence in the good judgment of the Executive Committee, and know that if a convincing case is submitted to them, they will utilize this flexible provision, which is designed to take care to precisely such developments.

One word about the attitude toward quotas in general. One gets a little the feeling that the question of quotas and the distribution of the amount of quotas has attained a degree of exaggeration which can be explained only on the grounds of concentration on the particular problem in hand at the moment. The quotas, after all, do not measure the assistance which the Fund is prepared to extend to countries whose balance of payments requires such assistance. One of the important characteristics of the Fund is its flexibility. It has flexibility in its resources; it has flexibility in its power to extend assistance to various countries, and that cardinal principle is an essential requisite for the successful operation of the Fund. There is nothing in any of the provisions which in any way prohibits the Executive Committee from extending such assistance by way of making it possible to purchase foreign exchange by any country to any given amount.

The quota has certain reasons for existence. It measures participation; it measures approximately the economic and financial power of the members; but that measure is not intended to be a precise measure of the amount of assistance which a country might need for the amount of assistance which a country might want. And so, I would urge you to consider, first, the [p. 20] difficulty of arriving at quotas which are satisfactory to all, as Judge Vinson has so well pointed out, and as those who have worked with this problem over months so readily recognize. Secondly, and more important, we would urge you to bear in mind that the quotas are not a measure of the assistance which the Fund can grant; that there are a number of provisions in there that assure to countries who merit the additional assistance which the Fund may provide that such assistance shall be forthcoming.

Any further comments?

The delegate from France.

France ([Pierre Mendès-France]): (The comment of the delegate from France, given in French, was interpreted as follows): The delegation of the provisional government of the French Republic is concerned about the problem of the quota. The delegation listened with great interest to the appeal made by the United States delegation, who at the same time is the chairman of the Quota Committee, and also by the chairman of this Commission. The delegation is fully aware of the great difficulties which exist in order to fix the quotas according to the relative interests of the countries. The delegation, however, has been proud since the very beginning of this conference of the great cooperation and international solidarity, which we feel certain will readily be recognized by the other countries.

It is, therefore, with great disappointment that we have noted that the quota which was just established does not meet our expectations. First of all, it was intended to establish quotas on the basis of mathematical arguments which it was supposed would be readily accepted by public opinion. However, this found difficulties, [p. 21] and it came to negotiations among different nations and bargaining among other nations, and several nations saw their quotas increased while others saw theirs diminished. This has resulted in a great deal of confusion, which the chief of the French delegation objects to. He believes that the influence which should be attributed toward Europe, and especially to Western Europe, and, least but not last, France, does not seem to amount to its just value.

What the American delegation has called “experimental experience” is recognized as being very important by the French delegation to success. However, the French delegation wishes to draw the attention of the Commission to the fact that it should actually not benefit out of the fact that some countries actually do not benefit out of their usual interest which has existed previously, and they believe if no just consideration is being taken toward the influence which those countries will probably occupy again in the postwar world, that the situation might add to the ruin and destruction which will exist after

the war is over in these countries.⁵⁴ For this reason, the delegation of the provisional government of the French Republic wishes to send back to the Quota Committee the proposed figures for reconsideration, and reserves its right [to do so. It] does very much regret, as a matter of fact, to have to reconsider the entire participation of this delegation at this conference if the question could not be reconsidered.

Chairman: Any further comment?

The delegate from Ethiopia. [p. 22]

Ethiopia ([Ephrem Tewelde Medhen]): Mr. Chairman, I do not wish to make the already difficult question of the quota still more difficult by raising an issue, but we feel compelled by the quota allocated Ethiopia that we must express our views. In view of the needs of Ethiopia, of the size of the population and of its large possibilities, the Ethiopian delegation considers that the quota allocated to Ethiopia is totally inadequate and the delegation, therefore, requests that that be reconsidered.

Chairman: Any further comment?

The delegate from Canada.

Translator [of France's remarks above]: If you please, may I correct the statement?

Chairman: Certainly.

Translator: "If this question of quotas could not be reconsidered" — I believe I interpreted it wrongly, and [should have said that] this matter could be reported to the government in Algiers, [and] it might be a fact that the government of Algiers [would then] request the delegation to reconsider its participation [in] the Fund.⁵⁵

Chairman: The delegate from Canada.

⁵⁴ The apparent meaning of this sentence is that quotas should take account that despite their current wartime poverty, France and other countries can be expected to experience an economic rebound after the war.

⁵⁵ We have done our best to make sense out of the garbled words in the typescript. Algiers at the time it was the headquarters of the Free French government, most of France itself still being under German occupation.

Canada: Mr. Chairman, may I say very briefly that in view of all the very difficult circumstances associated with determining of quotas, I think that it should be said that the Quota Committee has performed its job on the whole very well. No one would defend this list as an ideal list. No one would stake his reputation that every quota conformed exactly to all the equitable considerations, but the problem is one of extreme difficulty.

Having recognized the fact that it is possible to change these quotas — there is provision in the Constitution of this Fund when it shall be established that there should be, not in the governing body, changes to [p. 23] represent the members — I feel that this Commission should accept the quota list recommended as one on which, if governments so decide, this Fund can begin its operations, and which can be adjusted far more equitably than in any process at this meeting on the basis of experience.

Chairman: Are there any further comments?

The Chair would beg the indulgence of the Commission again to make a remark that is called forth by the statement of the delegate from the French Committee.

Surely the members here are all cognizant of the objectives of this Fund. Surely the members recognize the breadth and the scope of those objectives. It is a little difficult to understand that one's participation in the attainment, in the attempt to attain those objectives, would be to any significant degree influenced by the question as to whether or not you could buy [i.e., borrow] \$10 million or \$15 million worth more than a year over a period of four years without any special permission from the Fund. There may be more to it than that. There may be political considerations that seem to some of the delegates to justify the view that unless they get a little more than their neighbor, or a little less than somebody else, or a little more than some combination of states, that it is a matter of permanent importance.

Those of you who have struggled with this proposal for many months, and that includes a very great number not only in the United States but in other countries, find it not only difficult to understand but, I confess, difficult to sympathize with the view that the value of

this proposal to the future world can be interpreted [p. 24] either in the sense of any slight political, assumed advantage that it may give, any slight political prestige which it may accord, or certainly any advantage with respect to the monetary difference between a larger and smaller quota. I say this because I am wondering whether those delegates who have suggested that their participation or adherence to a matter of such profound importance to the coming generation can be determined by considerations which, shall I say, strike me as being something less than befits the [i.e., their?] nation or any of the nations that are represented here. I hope that the delegates, in evaluating the most difficult work of the Committee on Quotas, in recognizing the provisions which were made in the Fund to take care of adjustments, will put in its proper place the question as to whether or not a particular quota is a little higher or a little lower than expected. Quotas are only a small part of the Fund, and they should be so evaluated. I hope that the countries who have taken any definite position on the quota will give careful evaluation to their statements with respect to the importance of the quota at this time to their own country.

Are there any other comments?

Norway: Mr. Chairman.

Chairman: The delegate from Norway.

Norway: When I have listened to those delegates here who have criticized very much the proposal placed before us, I have sometimes got a certain impression that those delegates in a way misunderstand the position which this Fund shall take in the world tomorrow. Some of those delegates — maybe I misunderstood them, but on me their [p. 25] speeches have made the impression as if they thought that the Fund and the Fund alone was an institution which would provide them with the necessary help in those cases where an adverse balance of payment threatens that country. Mr. Chairman, this is not the role which is assigned to the Fund. The Fund is not going to replace the ordinary short-term credit of the world. It is going to be in addition. It is going to be in addition. When I particularly think of a country like New Zealand and others, those countries must rely upon the continuance of that system of short-term credit. It is a support the Fund shall give. It

shall not take the whole thing over. And I think, therefore, that those delegates should look a little to their credit their nation would have.

Take, for instance, France. France will have after this war an excellent credit — no doubt of that, that France will be able to get support all over the world without just going to this Fund. I think on the whole we shall, every one of us, remember the restricted means, the restricted role, of the Fund, and I think that on that basis, Mr. Chairman, the [Quota] Committee has done very good work.

I will add [that] my own country, Norway, belongs to the occupied countries of Western Europe. If the entire quota were what should be assigned to us on the basis of the questionnaire, we have got a reduction of 25 percent, but we accept that because we think that within the framework as it is now we should not try to claim too much. And I would very much like to appeal to a number of the other delegates to look at that. Here is set up something which may be of great use to the whole world. Let us not make it too difficult at this initial state [stage] by [p. 26] pressing our own national claims too much.

(Applause.)

Chairman: The delegate from the United Kingdom.

United Kingdom: Mr. Chairman, we should just like to add our voice to the voices of those who have appealed to the Commission to take the large and practical view of this question. We are quite sure that this list, in common, I venture to say, with anything which could be drawn up, is incapable of giving complete satisfaction to all the nations here represented. But we think, as has been said by the delegate from Canada, that it does form a practical basis on which the Fund could commence its existence, and we think, as you, Mr. Chairman, have said, that the Fund contains in its Articles adequate provision for elasticity and adjustments as need is shown. And we, therefore, join with what the last speaker has said, in appealing to those who have expressed reservations on this matter to ask themselves in all sincerity whether they wish to press these reservations in a way which may prevent there coming to the world the manifold benefits which all of us expect to come if the Fund is brought into existence.

Chairman: If there is no further comment, the Chair will put the question to a vote. Does anyone wish to make any further comment?

The question before us is the acceptance of the report of the Quota Committee. All those in favor of accepting the report of the Quota Committee, please say “aye.”

Delegates: Aye.

Chairman: Contrary minded, “nay.”

Delegates: Nay.

Chairman: I don’t think it is necessary to have a show of hands, but if any member wishes it, I shall do so. [p. 27] The Chair will declare the report of the Quota Committee accepted.⁵⁶

The delegate from Cuba.

Cuba (Luis Machado): Mr. Chairman, at the meeting of this Commission two days ago, the question of the formulation of the Executive Directors was postponed until the matter of the quota was known; and now that we have disposed of the question of the quota, I ask the Chair to bring Alternative J, submitted by the delegation from Cuba, up for discussion.

Chairman: The delegate from Cuba has requested that the alternative provisions on the election of the Executive Directors be brought before the Commission for action. If there is no objection, we will place before this Commission for consideration Alternative J. The page number is 26j, Document 310.⁵⁷

The Secretariat will read the first paragraph. It is not necessary to read the remainder. Alternative B was Schedule B, which deals with the maximum voting. By reading the first paragraph, the Commission will have the opportunity to consider the merits of the whole problem.

Secretary ([Leroy Stinebower, United States]): (reading) “There shall be twelve elected Executive Directors of whom (a) five

⁵⁶ Became Schedule A in the final agreement.

⁵⁷ [Document 310](#), pp. 502-504. It refers to Article VII, Sections 2-3 (“Voting”) in the preliminary draft, [Document 32](#), p. 47; Article XI, Section 5 (“Executive Directors”) of the intermediate draft, [Document 321, p. 532](#), which was left blank; and [Document 212](#), pp. 275-277, a proposal to fill in the blank.

shall be appointed by the five members having the largest quotas, (b) five shall be elected by the remaining members, other than the American Republics, and (c) two shall be elected by the American Republics, exclusive of any entitled to appoint an Executive Director under (a), above. Elections shall be conducted biennially in accordance with the provisions of Schedule B. Persons chosen as Executive Directors need not be Governors.”

Chairman: The provision is before us for discussion. [p. 28]

The delegate from Poland.

Poland: Mr. Chairman, we have submitted a slight modification of [paragraph] (a) [of] Schedule B, which is contained here in Alternative L on [page] 26m. This alternative is only a slight modification of Schedule B, and [is] provided in Alternative L.⁵⁸ The main feature is that in the place of the provision that 19 percent [of total quotas] must be obtained for a seat, and [if] one [person] supported will take more than 19 [percent], the votes, so to [speak], “wasted” can be used to a further balance. We suggest that they may be considered as voting for this person. But if the person so elected should dispose in the meeting of directors that the number of votes which is greater, and corresponding to the full amount of votes which is given for them, then more than 19 [percent] — perhaps 23, 25 or more, if with such [[a share]] of votes, the respective person was elected, that is only the slight modification which is, in my opinion, in our opinion, much better than the first because it avoids the bargaining with [these] additional excess votes and gives for all the parts the possibility to obtain a seat, but with the lesser number of votes than the other directors chosen before would have.⁵⁹

⁵⁸ [Document 346](#), p. 578.

⁵⁹ The meaning of this passage, which seems garbled because of the delegate’s imperfect command of English, was to explain the procedure that Alternative L proposed for successive rounds of voting to select the five “at large” Executive Directors who were neither representatives of the five countries with the largest quotas nor among the two Executive Directors selected by the American Republics.

Chairman: Any further comment?

The delegate from Canada.

Canada: Mr. Chairman, I would like to bring to the attention of the committee [Commission] that the committee considering the Executive Committee⁶⁰ reported that it had had before it Alternative K⁶¹ on page 26m of the document, and that it had considered this sympathetically, but in view of the fact that it did not wish or did not see its way to consider the whole subject of the Executive Committee prior to knowing the quotas, it gave no verdict on it. [p. 29] I would just like to say in explanation that Alternative K would be an amendment to Alternative J or any other similar alternative which the Commission selected. It would not in any way affect the working of Alternative J.

It was the thought of the Canadian delegation that in consideration of this question there was one standard which had been overlooked, namely, that some countries were providing funds, providing resources, for the use of the Fund; other countries at other times or at the same time were drawing on those resources. It seemed to us desirable that at any time on the Executive Committee there should be at least two countries which were at that time providing resources rather than drawing upon them, two creditors at least in a committee on which there might be many debtors. To achieve this, we suggested that at the second [election] — and only [then], not until the second election of the Executive Directors — that if the two countries whose quotas have been used over the past two years on the average in the largest absolute amount did not appear among the five appointed directors, then one or two additional directors as might be required should be appointed to a share that there should at all times on the committee be at least two creditors.

It was our suggestion that those additional directors, if it should at any time prove necessary to appoint them, should be additional to the total number, and not disturbing in terms of Alternative J the five

⁶⁰ Apparently Committee 3's Ad Hoc Committee on Article VII, Section 2 ("The Executive Directors") of the preliminary draft.

⁶¹ [Document 328](#), p. 544. Alternative K was Canada's proposal.

appointed directors on the one hand, or the seven elected directors on the other.

Since the committee reported that this alternative had been before them and drew it to the attention of the Commission, since the Canadian delegation feel that this [p. 30] is a healthy principle to write into the constitution of the Executive Committee, I support it before the Commission.

Chairman: Is it clear that Alternative K on page 26m, which the delegate from Canada is discussing, in no way replaces or interferes or is in opposition to the Alternative J which the delegate from Cuba was discussing — that it is merely added to it?

Canada: That is correct.

Chairman: The delegate from Belgium.

Belgium (Camille Gutt): I think it is very much to the point, [the discussion] made by the Canadian delegate, and therefore, without expanding upon it, because he has discussed it very ably and given all the reasons which militate in favor of it, I would like to support it.

Chairman: The delegate from Norway.

Norway: Mr. Chairman, this question has been discussed for a very long time in committees and subcommittees, and it has been all the time impossible to reach agreement because we haven't known the quota. Now we know the quotas and there are a number of alternatives before the Commission. The matter is extremely complicated, and what makes it even more complicated is that the Bank Commission [Commission II] is wrestling with exactly the same problem and has been unable to reach an agreement. Mr. Chairman, since there are so many alternatives and since this is a very large group to discuss this problem, I wonder whether it would be practicable to refer this question to the Committee on Unsettled Questions [Special Committee on Unsettled Problems]. Now that we know the quotas, we might be able to get one alternative to which everybody would seem to agree to some extent, at least.

Chairman: Does the Commission wish to consider the possibility of returning something to the [Quota] Committee, which, [p. 31] as the speaker has said, has been discussed a long time and without reaching

an agreement, and in the light of new quotas which may not have been known even approximately by certain members? The possibility of that makes it easier to come to a decision. Is there any comment on that?

The delegate from Cuba.

Cuba (Luis Machado): Mr. Chairman, I would ask the Chair, in order to facilitate the discussion and the decision of this very important point, that we request that the amendment submitted by the delegate from Poland be deferred until we know what the final setup of the Board of Directors [Governors] or the Executive Directors is. It seems to me that Schedule B, which provides the method of electing the directors, is very important, but it will not come into operation until we know how many directors are to be elected.

And I would request the delegate from Canada to defer consideration of Amendment [Alternative] K, which he has explained does not interfere and is not inconsistent with Amendment [Alternative] J, but would be supplemental to J. In order to simplify the matter, I would ask your permission that we now discuss and put to a vote Amendment [Alternative] J. I would like to tell the delegates here present that for the last hour we have heard the feelings and impressions of each one of the delegates regarding the very delicate subject of the quota. I heard not less than fifteen or sixteen speeches, and not one of them came from the Latin American countries. It doesn't mean to say that the Latin American countries feel that the quotas submitted by the [Quota] Committee and now accepted represent the resources or the financial set-up or the income or any of the economic [p. 32] factors of our share of the world.

We seem to feel that in the matter of a quota, it was not proper for us to enter into a competition with our friends on the other side [of the Atlantic], since it has been clearly stated [that] an increase in the quota was largely sought for the purpose of providing additional foreign exchange. We could have very easily got into that race if we wanted to, because your Latin American countries are so enormous in their resources that a slight change in any of the multiplication factors would have considerably enhanced the quota position. We believe that Latin America, which represents practically one-half of the nations here

assembled, has come to this meeting in the fine spirit of cooperation. We have come here to help the world get itself on its feet again and to stabilize the finances of the future world. We have come here, not to get any immediate benefits — we realize that the economic position of our countries, although in a minor degree, is very similar to the position of the United States. We have been lucky at this time to have our financial structure strengthened. We are at this moment more or less in the position of creditor nations.

We, therefore, come here to participate in a world institution to whom we are going to surrender some of our sovereign rights. From now on, the right to determine what the content of the Mexican peso is in terms of gold will no longer be vested in the Mexican government but in an international body where the voting power would be very small according to the quotas. From now on, the Peruvian [sol, i.e., currency unit] — its point of exchange will not be determined by the Peruvian government, but by an international body in which, as I said before, we have very little voice or voting power.

We do feel [p. 33] that twenty nations here assembled, which constitute one-half of all the countries here assembled, are at least entitled to two seats on this Board of Executive Directors. We feel that our contribution would be worth it, that the opinions of two men of experience from our side of the world might be extremely helpful to the directors in making decisions, and we feel that we can go back and explain to our countrymen that we have [been] taxed, but the taxation goes with representation.⁶² We feel we are not asking very much, and we have tried to meet all the points of view of the delegates, and I hope that this assembly unanimously approves the [Alternative] J, which will give us what we consider is adequate representation on the Executive Directorate.

Chairman: The delegate from Egypt.

⁶² A reference to the slogan, “No taxation without representation,” a rallying cry in what became the United States in the years before the American Revolution of 1776.

Egypt: Mr. Chairman, I would like to bring the attention of this committee [Commission] to the Alternative E, page 25h, Document 315.⁶³ This alternative, as a matter of fact, supports Alternative J as submitted by the Cuban delegation. But we demand that the Middle East countries — once you have adopted the original basis for this representation, we believe that the Middle East countries as one economic unit should be represented by one seat. I need not urge you for the small countries to be well represented; the Middle East countries have their own economic situation more or less the same. And it would not be inconsistent if we adopt the same principle.

Chairman: The delegate from France.

France: I would like to raise a question for clarification. If Amendment — Alternative — J is accepted together with Alternative K concerning two representatives of the creditor nations, is there a possibility in that [p. 34] case that there should be fourteen — that there might be fourteen Executive Directors instead of twelve?

Chairman: Will the delegate from Canada respond to that question?

Canada: The answer is that theoretically there might be fourteen. The probability of that coming about is extremely small. I would say it was impossible. There is a possibility that there might be thirteen directors.

France: Thank you.

Chairman: In view of the fact that the time is getting very late and the day of the final end of the conference is approaching,⁶⁴ and in view of the further fact that I am informed that this matter has been discussed in great detail at committees and subcommittees, I wonder whether it might not be appropriate to put the question to the vote, and

⁶³ [Document 315](#), pp. 506-507. Alternative E provided for five Executive Directors representing the five countries with the largest quotas; three representing the British Empire; three representing the American Republics; one representing the Middle East; and three representing other countries.

⁶⁴ At the time, the conference was scheduled to end on July 19, 1944. It was later extended to July 22.

that any additional expression of opinion would in the main merely repeat what has already been said on the subject. In order to not shut out discussion completely, I suggest that any delegate who wishes to speak on this matter from now on shall be limited to what, in the opinion of the Chair, is a reasonable time. In the light of all the circumstances at the moment, it seems to me to be three minutes.

The delegate from Iran.

Iran: I support the amendment proposed by the Egyptian delegate.

United States (Ansel Luxford): Mr. Chairman.

Chairman: The delegate from the United States.

United States (Ansel Luxford): I do believe that, as the delegate from Cuba has said, it will facilitate consideration of these issues if we can narrow and consider them and their order. For that reason, [p. 35] I would like to see us focus on Alternative J, which was the first issue before this committee [Commission], and I would like to express the support of the United States for such alternative.

Chairman: The delegate from India.

India: Mr. Chairman, the delegation from India wishes to draw attention to Schedule [Alternative] D,⁶⁵ the main feature of which is the proposal that there shall be twelve Executive Directors, of whom six shall be appointed by the six members having the largest quota. I need not enlarge on the reasons why the delegation from India has put forward this amendment.⁶⁶ I would only say, Mr. Chairman, that we would be quite prepared to see this combined with Alternative J.

Chairman: The delegate from Iraq.

Iraq: Mr. Chairman, I wish to support the proposal made by the delegate from Egypt. In the opinion of the Iraq delegation, the proportionate representation as shown by Schedule B⁶⁷ shows quite well representation and protects the interests of small countries, but that if it is decided that regional representation should be admitted by

⁶⁵ [Document 179](#), p. 222.

⁶⁶ India had the sixth largest quota, so Alternative D would have given it its own appointed director.

⁶⁷ In [Document 310](#), pp. 504-505.

the conference, then the Middle East, as an independent economic unit, should have its own representation.

Chairman: The delegate from Iraq supports the proposal of the delegate from Egypt and feels that that will give the small countries adequate representation.

The delegate from Mexico.

Mexico (Antonio Espinosa de los Monteros): I think the question has been sufficiently discussed. Therefore, I move that Alternative J be put to a vote.

Chairman: The motion has already been made.

Mexico (Antonio Espinosa de los Monteros): [Then,] I second that motion. [p. 36]

Chairman: The motion has been made and seconded that Alternative J be placed before the Commission for a vote.

The delegate from Belgium.

Belgium (Camille Gutt): I would just like to put a question. We began by discussing the first paragraph of part no. [i.e., Section] 2 of Alternative J. I want to know whether the vote we will take is on that, or on the whole of the Alternative J. In the latter case, I have two remarks to make, not very important, but I should like to make them before the vote.

Chairman: Is there any objection to taking up the first paragraph? Does the delegate from Cuba have any reluctance to have it done that way?

Cuba: No.

Chairman: Then, we will confine the question to the first paragraph of Section 2 of Alternative J.

The delegate from Czechoslovakia.

Czechoslovakia: May I ask a question, please? Does it mean that the first directors stated here in Alternative J are only for the present number of members, or for the future members accepted in the Fund?

Chairman: The Chair will suggest that it is for the present and the future, unless altered under the provisions which will permit it.

However, I will refer that question to the delegate from Cuba, since it is his proposal.

Cuba (Luis Machado): Our duty is to solve the problems of today having in view the problems of tomorrow. We believe for the present twelve directors will do. We may want to change our opinion on the subject when other nations not participating at this conference at the proper time are invited to participate in an International Monetary [p. 37] Fund, but we would not want at this time to go into a discussion of what shall be the future when we can heartily agree on the present.

May I again appeal to all of you, that if we did not have so many reasons of an economic, social, and political order to support Alternative J, the fact that at least one-half of the members of this conference can agree on one thing should have enough merit to have it voted favorably.

Chairman: The delegate from Norway.

Norway: Mr. Chairman, may I ask if the original proposals [Alternatives] A and B as amended have been dropped, or whether that is still before the Commission? The reason I ask is that the Norwegian delegation, although it understands the reason for the Alternative J, does not feel that it is to join in a regional representation the way it has been proposed, yet I can well understand that Latin America should have two seats, but I think it would be much better and much more rational if that representation could be brought about through that proportional representation which has been outlined in the original proposals A and B. There is as much reason for singling out other regions as for singling out one region in that way. Then we should either have complete regional representation or not regional representation, but not a mixture like this. I would like to ask whether A and B as amended⁶⁸ is still before the commission. In that case, we will vote for that proposal.

⁶⁸ In [Document 280](#), pp. 454-455. The original Alternatives A and B, in [Document 32, pp. 44-47](#), had been combined into a single proposal, [Document 152](#), pp. 162-164.

Chairman: My understanding is that all the alternatives are before the Commission, and that if the [p. 38] Commission sees fit to turn down Alternative J, which is before the Commission for our first vote, we will take other alternatives in such order as may appear to the Chair.

The delegate from the Netherlands. [p. 1 (39)]

Netherlands: I want to ask a question about the order. If we vote about J, does that mean Alternative K is out of order? I am not quite sure about that if we accept Alternative J.

Chairman: The ruling of the Chair on that is that J is not an alternative to K. K is not an alternative to J; it is, rather, in the form of an amendment.

Netherlands: It is an addition which will be put to the voting officials.

Chairman: Voting commission, so it seems.

India: On a question of procedure: Alternative J is the main proposition before the Commission, and the Indian delegation has the amendment to Alternative J; and the usual procedure with which we are familiar is that the amendment is first put to the vote. If the amendment is carried, it is incorporated.

Chairman: I thought that was what we were to do. We are now putting before the house the vote on the question of the amendment of the motion, which is J.

India: That is one independent portion. Am I to understand that you are putting that to the vote now, or the whole of Amendment J?

Chairman: We thought that it might facilitate discussion if we broke the proposal up into two parts, permitting the Commission to vote first on part (a) and secondly on part (b). That was merely for convenience. It is the paragraph within the schedule.⁶⁹

⁶⁹ Alternative J consists of a proposed section in the main text of the IMF agreement and a proposed Schedule B ancillary to the main text, and the paragraphs (a) and (b) to which the Indian delegate is referring are in Schedule B (in [Document 310](#), p. 503).

India: Yes. Amendment J says that five [Executive Directors] shall be appointed by members. The Indian amendment is that it shall be six. Therefore, the house must be given an opportunity of either accepting or rejecting.

Chairman: The Chair will question the appropriateness of the amendment, which merely substitutes another alternative [p. 2 (40)] for one which was raised in the first place. The provision which is before the Commission now is Alternative J. If it is the desire of the Commission to pass J, it will be passed. The alternatives which are in fact alternatives would no longer be necessary to serve as a basis for discussion. If, however, the Commission prefers another alternative which they are familiar with, they will not accept J, and we will give the alternative from the delegation from India the next place, in as much as they have raised the question first.

Is there any further discussion on Alternative J, Section 2?

If not, the Chair will put the matter to a vote. All those in favor of Alternative J, first paragraph, please signify by saying “aye.”

(“Ayes” heard.)

Contrary minded, “no.”

(“Noes” heard.)

The Chair declares the Commission has approved Section 2 of the first paragraph.⁷⁰ We now turn to the schedule [i.e., descriptive table], which is the implementation of the principles stated in [Section] 2. Is there any question? The delegate from Belgium had a question about the implementation.

Belgium ([Camille Gutt]): Mr. Chairman, I just want for the sake of clarity, to stress the remarks made by the Czechoslovakian and Cuban delegates [[that the provision just adopted applies only to the original members of the Fund, not to countries that may join later]].

Chairman: The delegate from Belgium endorses the view of the delegate from Czechoslovakia that the provision just adopted applies only to [original] members of the Monetary Fund and not to those who may become members in the future.

⁷⁰ Became Article XII, Section 3(b) in the final agreement.

Poland: I may say that the same remarks may be made as the Polish suggestion. I support it.

Chairman: Then if there is no further discussion, I propose we turn to the rest of the schedule of Section 2. All those in favor of adopting the schedule, please [p. 3 (41)] signify by saying “aye.”

(“Ayes” heard.)

All those contrary minded, “no.”

(“Noes” heard.)

It is the ruling of the Chair that any other alternatives that conflict with Alternative J are no longer before the Commission. However, Alternative K, which does not conflict with Alternative J, is an appropriate alternative to set before the Commission for action now. Does anyone care to discuss Alternative K?

Delegate from Netherlands.

Netherlands: The Netherlands delegation supports Alternative K.

Chairman: The delegate from the Netherlands supports Alternative K.

[Apparently the Belgian delegate made a brief comment that is not in the typescript.] The delegate from Belgium likewise supports Alternative K.

United States.

United States: We would like to support Alternative K.

Chairman: Delegate from United States supports Alternative K.

[Apparently the Mexican delegate made a brief comment that is not in the typescript.]

Delegate from Mexico supports Alternative K.

I think we shall call for a vote. All those in favor of adopting Alternative K in addition to Alternative J, which has already been adopted, please signify by saying “aye.”

(“Ayes” heard.)

Contrary minded, “no.”

(“Noes” heard.)

Commission has accepted Alternative K.⁷¹

The Chair will now call on the delegate from Soviet Union.

USSR: The Soviet delegation has proposed that [an] addition to Article III [Article II], Section 3(b) [“Gold Subscriptions”] be proposed as Alternative B on page 4a.⁷²

Chairman: Page 4a and Alternative B on top of the page.

USSR: This addition concerns the gold contribution to the Fund by countries who suffered during the present war from enemy occupation and hostilities. We suggest that this amendment to reduce the gold contribution of these countries to between 75 and 50 percent of the amount they [p. 4 (42)] [would] otherwise have to pay, depending on the extent of the damage to each country by enemy occupation and hostilities.

A discussion of this proposal in the committees and at the Ad Hoc Committee on Liberated Countries had shown that there is considerable doubt in the minds of some delegations whether this provision could be applied in practice. It was emphasized that the determination of which countries suffered more or less damage from the enemy action would meet with considerable difficulties and would lead to divergences of opinion among the member countries. At the same time, there were no objections in this committee [the Ad Hoc Committee] that these countries should be authorized to reduce their initial gold payment to a uniform percentage of the amount they would otherwise have to pay.

In order to come to an agreement of this question, the delegation of the USSR is prepared to withdraw its previous amendment under Alternative B, provided that in Article III, Section 3(b) there shall be restored a provision already included in the text of the Joint Statement on establishing an International Monetary Fund (published in Moscow on the 23rd of April in the newspaper [*Izvestia?*]). I have in my hands a copy of this newspaper, and this provision reads as follows: [[“The

⁷¹ Became Article XII, Section 3(c) and part of Section 3(d) in the final agreement.

⁷² In [Document 32, p. 27](#).

obligatory gold subscription of a member country shall be fixed at 25 percent of its subscription (quota) or 10 percent of its holdings of gold and gold-convertible exchange, whichever is the smaller.”]]⁷³]

We know that some delegations raised objections against including in the agreement of the Fund this provision. The delegation of the Soviet Union cannot withdraw this amendment, because it has been already published in the Soviet Union and it is widely known to the people of our country. The people of the Soviet Union could not be able to understand why this provision included in the Joint Statement of the Fund, which was accepted by technical experts of many countries, could be omitted in [p. 5 (43)] the agreement of the Monetary Fund. We presume, therefore, that this provision accepted by the technical experts of most of the United Nations will be approved by the members of this Commission.

Chairman: Does the delegate of the Soviet Union have in mind putting before this Commission Alternative B as suggested, or as amended? If the delegate from the Soviet Union has that written out, I wonder whether you would get the particular provision, because it is not quite clear which provision you are putting before the Commission for consideration. I gather that the essence of the provision is a reduction of the gold contribution. I will read it when it comes here. In the meantime, if anyone wants to discuss it, it will save time.

The delegate from France.

France: I understand that what the delegate from Russia had in mind was Alternative C, which appears in [page] 4a of the old document. [“Any country represented at the United Nations Monetary and Financial Conference whose home areas have suffered substantial damage from enemy action or occupation during the present war, may reduce its initial gold payments to _____ percent of the amount it would otherwise have to pay.”]⁷⁴

Chairman: That is not that figure.

⁷³ We think the delegate is quoting Article II, Section 3 of the [Joint Statement](#), Appendix IV, part 7, which we have inserted in double brackets.

⁷⁴ In [Document 32, p. 27](#).

France: Reduce to 75 percent of the amount which would otherwise have to pay —

Chairman: And the 50 percent is deleted?

France: There is no 50 percent; only one figure [is] mentioned in Alternative C.

Chairman: I will read the exact provision when I get it, but the essence of the proposal is that the gold participation of countries who have suffered substantial damage from enemy action or occupation during the war shall reduce the initial gold payment by 25 percent.

Belgium ([Camille Gutt]): That is not the Russian proposal. [p. 6 (44)]

Chairman: We shall wait until we have it before us to read. Delegate from Russia, would you mind designating specifically the provision that you are putting before us? Is it Alternative C?

USSR: These proposals which we made — it is the proposal written on page 4a of the document, Alternative C.

Chairman: And what is the figure?

USSR: The amount is not set in. That is the reduction we propose, by 25 percent.

France: It is to 75 percent.

Chairman: The reduction of 25 percent, to 75 percent. The question is before you for consideration.

Delegate from United States.

United States: The United States is opposed to this amendment.

Chairman: Any other comment? The delegate from Canada.

Canada: No person would in any way limit consideration given to countries that have been occupied and invaded by the enemy, but this provision offers very little, if anything, to such countries. Their drawing power is not in any way increased. The amount involved will not in any way affect the position of those countries, and to set out this reduction in the gold contribution as being an adjustment made on account of enemy action and occupation seems to me to be wholly inconsistent with the whole tenure of this document. The Canadian delegation, therefore, do not feel that this amendment should be made, while at the

same time having every consideration for those countries which find themselves in this position. [p. 7 (45)]

Chairman: Any further comment? If not, the delegate from Belgium.

Belgium ([Camille Gutt]): The Belgian delegation supports Alternative C.

Chairman: The delegate from Belgium supports Alternative C, which was proposed by the delegate from the Soviet Union.

The delegate from Cuba.

Cuba: Mr. Chairman, I think we have taken this afternoon very constructive action toward making a strong international monetary organization. I am afraid that the proposal of the delegate of the Soviet Union would tend to weaken the financial position of the Fund. If there were not simultaneous with the consideration of the International Monetary Fund for consideration of this meeting of nations, a plan for the Bank for Reconstruction and Development, I believe that the delegate of the Soviet [Union] might have a case before this assembly. We have parallel with this consideration: the establishment, by the same nations and on similar lines, [of] a Bank for Reconstruction and Development, which would take care of the needs, as far as humanly possible, of the countries which have been invaded by the enemy. We certainly want to see a strong Monetary Fund, and we do not see how the position of the Fund would be helped by this proposal. We feel that it would be weakened, and as far as we are concerned, we would like to register our position against the motion. [p. 8 (46)]

Chairman: The delegate from France.

France: I would like to answer the argument of the delegate from Canada saying that the [f]act of devastation is not sufficient reason for having to pay less than others in gold. It is not the fact of devastation. Is the fact that our gold is mortgaged for purposes of reconstruction; and as this gold is going for capital transactions, it is not being advanced for current transactions; and therefore I second the proposition of the delegate of the Soviet Union.

Chairman: Any further comment? The delegate from Yugoslavia.

Yugoslavia ([Vladimir Rybář]): I support the proposition of the Soviet Union.

Chairman: The delegate from the Netherlands.

Netherlands: The delegation of the Netherlands wants to support the proposal of the Soviet Union.

[Apparently there are further brief statements of support by other delegations not in the typescript.]

Chairman: The delegate from the Netherlands supports the proposal; the delegate from Luxembourg supports the proposal; the delegate from Norway supports the proposal of the Soviet Union; the delegate from Greece supports the proposal. If there is no further comment, the Chair will call for a vote. Those in favor of accepting the proposal of the delegate from the Soviet Union that the initial gold payment be reduced to 75 percent in those cases where a country has suffered substantial damage from enemy occupation, please signify by saying “aye.”

(“Ayes” heard.)

Opposed?

(“Noes” heard.) [p. 9 (47)]

I think we shall call for hands. Those in favor of accepting the proposal of the Soviet Union, please signify by raising their hands.

Those contrary minded, please signify by raising their hands.

The proposal is defeated by 22 to 12.

The delegate from Egypt.

Egypt: Before proceeding further, if I understand rightly, the Chair said, before voting on Alternative J [on Executive Directors], presented by the Cuban delegation, that any other alternatives not in conflict with Alternative J would be put to the vote after putting Alternative J to the vote. Now, the principle of grouping together countries for the purpose of allocating status has been admitted. I would like to see its extension by adopting Alternative E, page 25h, presented by the Egyptian delegation, granting one seat to Middle East countries.⁷⁵ This was

⁷⁵ [Document 315](#), pp. 506-507.

seconded by Iraq, and as this is not in conflict with what the Chair said, I move that it be put to a vote.

Chairman: The Chair would like to make certain that this is not in conflict. It is my opinion that that is not so. Is anyone of a different opinion? If not, —

Unidentified: What is the alternative?

Chairman: Alternative B, page 25b.⁷⁶ Part of it would seem to be in conflict. Does the delegate from the United States feel that this is in conflict?

United States ([Edward Bernstein?]):⁷⁷ I do not believe that it is in conflict.

Chairman: The proposal before you is that the Executive Committee shall consist of fifteen Executive Directors. Might it be supposed that fifteen Executive Directors is in conflict with twelve? They mean two different things? [p. 10 (48)]

United States: You are right, Mr. Chairman, it is in conflict.

Chairman: Is there anyone who disagrees that the appointment of fifteen directors is not in conflict with the appointment of twelve? Since no one disagrees with the ruling of the Chair, I will have to hold that it is in conflict with [Alternative] J, and therefore out of order to be brought before this Commission at this time.

Yesterday we adopted Article XI [“Organization and Management”] of the new document [Document 321, the intermediate draft], except Section 3, on “Executive Directors.” We have now filled in Section 3, the blank section on voting. There remains only to vote on all of Section 3, Article XI.

The delegate from Belgium.

Belgium ([Camille Gutt]): Mr. Chairman, just coming back, for one second only, to the question of wording which we have just accepted. Now, I mean the election of the directors, biennial election, providing for — I quite understand from all the discussion which took

⁷⁶ In [Document 32, pp. 45-47](#).

⁷⁷ We think the Chairman is asking Bernstein here, because Bernstein was the most knowledgeable person about the details of the IMF agreement.

place that that means every two years. I only move the question. That definitely means twice a year? I wonder whether that was a misunderstanding.

Chairman: It is my understanding that the intention of the provision is to have them elected every two years. Is there anyone who has a different definition? The English will be the definitive text, and in English, “biennial” means once in every two years. “Biannual” means twice a year. Will the Secretary note that it is two years, and if “biennial” does not mean that, we will put in whatever is necessary to get that meaning for all countries.

The question before you is the adoption of the entire Section 3, all of which you approved yesterday [p. 11 (49)] except this provision on Executive Directors. All those in favor of accepting Section 3 of Article XI, please signify by saying “aye.”⁷⁸

(“Ayes” heard.)

Contrary minded?

It is noted the only matters remaining before this Commission are questions of definition and some other matters. The hour is getting late, so that the Chair will adjourn the meeting until the next opportunity to hold it, at which time we will be able to complete the matters before us in short order.⁷⁹

Reporting Delegate [and Chairman, Drafting Committee] (Louis Rasminsky, Canada): May I ask that the members of the Drafting Committee remain behind?

Chairman: The Chairman of the Drafting Committee requests that the members of the Drafting Committee remain behind.

(Adjourned 6:30 p.m.)

⁷⁸ Became Article XII, Section 3 in the final agreement.

⁷⁹ Actually, the Committee would hold two more meetings, not just one.