

7th Meeting

COMMISSION I

July 15, 4:15 p.m., 1944

AUDITORIUM

CHAIRMAN: The meeting will please come to order. We have had mimeographed the provision which we were discussing before lunch. You will notice that the second sentence begins with the word ^{"initially"} ~~"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 this provision, since you have it before you and have had an opportunity to examine it carefully.

NETHERLANDS: Mr. Chairman, I, of course, appreciate the technical difficulty brought into this clause by the word ^{"initially"} ~~"initially"~~. The technical difference is with the word ^{"initially"} ~~"initially"~~ 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, not that any basis of the hard-boiled business man ^{but} wanted this ~~nor~~ that/on the basis that he ~~perceived~~ perceived that it is dangerous to have a clause that has no meaning and that the principle should read ^{that} the fund should decide where the gold ^{people} 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 ~~xx~~ larger quota holders any rights in this respect and therefore we regret we have to stick to our objection.

BELGIUM:

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BELGIUM: Gentlemen, I am awfully sorry to prolong the discussion, therefore I will assume a very few words to wholehearted support to 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} ~~xxxxxxx~~ the gold would have to be shipped to those countries, then let's do it at once. I am quite ready to 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 movement of the Netherlands delegate.

PERU: Mr. Chairman, a part of 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 ^{in the} of war, and although the countries have the greatest trust and confidence in their governments; 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 ten 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 it was
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the main fault of the previous job was that it tied down their fund too much, made the rules too strict to operate for the Fund, but I understand that the introduction of the word "initially" to mean a great reality, namely, that the Fund will not completely be tied and I have moved away from the distribution if it finds that practical. And from the point of view of business, I think that all central banks will have so great connections ^{with} ~~that~~ the central banks of the five great depositories that it will be quite easy for ~~him~~ them. I should like therefore to move, Mr. Chairman, that we accept the amended draft.

CHAIRMAN: Was the commend of the Netherlands a motion or merely a comment? ~~I~~

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

BELGIUM: 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} ~~answering~~ 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 committee?

(Chorus of AYES)

CHAIRMAN: Any other comment?

FRENCH COMMITTEE: (Interpreted) The Chief of the French Delegation was very much impressed by the arguments presented ^{representative of the} by the/Netherlands. The new draft, he says, contains the point of view which indicates great progress. He does not understand ^{promise} ~~the~~ concern about the new text. He says that we are assured by the text

text that the needs will be met. The French Committee approves the amended ~~xxxx~~ 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.~~xx~~ 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?

U.S.S.R.: (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 in 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?

U.S.: Have we not for discussion, the resolution which has been moved? ~~The x Delegate x will x r e s o l u t i o n x x x x x~~

CHAIRMAN: The resolution has been moved to eliminate this discussion from the motion before the House unless a new motion
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is before the floor. I thought we could handle this as merely an amendment. We revert to the original motion. Any second? If not, ~~question~~ the amendment is lost. Proceed to the original motion. Would it be satisfactory to use the simple form to vote on whether of the recommendation ~~in~~ the 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 ~~morning~~ session, please say "aye" . (CHORUS OF AYES). Contrary minded. (Some "No's"). Unless ~~ex~~ there is objection the Chair rules that the recommendation has been accepted. The next ~~item~~ item on the Agenda is the report from the Quota Committee. The Chair recognizes the Delegate from the U.S.S.R.

U.S.S.R.: Mr. Chairman, the Soviet Union Delegation wants to make reservation in respect of the last sentence of this proposal in the words "in emergency, etc." We believe it is ^{not} ~~thought~~ necessary to insert in this document such words which make doubtful the normal functioning of the Fund and therefore the U.S.S.R. expresses the view that this last sentence should be deleted from the draft.

CHAIRMAN: The Secretary will note the reservation stated by the U.S.S.R. Will the Delegate from the U.S. proceed?

UNITED STATES: Mr. Chairman, as chairman of the Committee on Quotas, I present to this Commission the report of its Committee 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 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 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 ten billion dollars and that the aggregate quota for member countries, excluding neutral and enemy countries should reach the figure of eight billion dollars. 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 ~~xxx~~ 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 be fair to^{one} country ~~xx~~ could not be fair to ~~another~~ countries. The question of trade was considered and particularly ~~xxx~~ trade in which there were excessive fluctuations. The question of gold and gold convertibles was discussed. Purely as a measure to show capacity to pay, and need for the Fund. I am told that the information in respect of

of national income ~~while~~ while for some countries' good, for other countries were 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 last year, some at least this year. It has been determined that we can stress possibly with some danger the maximum amount of the quota, and your committee has reached the maximum in ~~xxxx~~ the sum ~~of~~ ^{eight billion,} or the figure of eight hundred million. Immediately we see that there has been an increase above the eight billion dollars ~~by~~ ^{of} eight hundred million dollars. 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 backed 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 eight billion dollars. There has not been a single reduction from the figures submitted to the American delegates and 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 there to will be an agreement of obligation and benefit. Quotas naturally are a considerable ^{part} ~~benefit~~ of the benefit. Some members seem 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

language

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 threat of gold of those who have been working upon this 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 ~~in~~ various countries, the fact that it was impossible, I repeat ~~impossible~~ 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 your 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 ~~the per here~~ 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 ætherial sky. The test of this conference is ~~whether~~ whether we can walk together, solve our economic problems, down the road to peace as we today march to victory. Sometimes 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 have

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.

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DR. WHITE: 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.

CHINE: Mr. Chairman.

DR. WHITE: 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 figures 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

reconsider the matter.

DR. WHITE: Any further comments?

The Delegate from Greece.

GREECE (MR. 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 very 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.

DR. WHITE: The Delegate from the Netherlands.
(MR. BEYEN)

THE NETHERLANDS: 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 an general agreement.

The three points are the following:

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

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 in 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 sure I can give you my definite opinion before the end of the Conference.

DR. WHITE: 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 this 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

liquid reserves outside the Fund. That means that unless immediately after the war it so happens that we have very favorable seasons 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.

DR. WHITE: The Delegate from India.

INDIA: Mr. Chairman, I feel I must say a few words in 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 a strong feeling in the countries which they represent that India's importance, India's economic importance, should be recognized in an international institution 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 her 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

in the counsels 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 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.

DR. WHITE: Is there any further comment?

The Delegate from Yugoslavia.

JUGOSLAVIA: 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.

DR. WHITE: 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 be allocated had made representations 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, \$50,000,000, on the list is inadequate, and I am not in any way detracting from all that

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 in the same potential if we take the years that are to come instead of the years that are past. 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 (inaudible) 16 million 2 surplus in one year, 1934, 10 million the next, in 1938 it was only 5 millions, and it is worth while remembering that we have an overseas commitment that we

have always met, and I hope will always meet, of something more than $5\frac{1}{2}$ 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, 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 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 years, 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.

We think, first of all, that the two types of need ought to be stressed, the one the war needs -- we ought to be helpful rather than receiving ourselves. With regard to the other need, though our country's trade is such that it has throughout the century that we have been a country been subject to such difficulties in connection with falls and rises in prices that we have had two or three crises in

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 commitments. That is what we have had to do in the past.

The next one, with regard to ability and capacity. We do not need any help for that. We want to, in so far 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 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. And now I thought that we would be able to argue a reason show that this wasn't a fair sum taking into account the country that I represent, its production, its trade and all the other factors. I do not think it is, but I would say this, with all the implications attached to 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 somebody

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 I will still fight for the Fund to go into operation.

DR. WHITE: 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 marshalled some impressive facts and has made a convincing talk, raising the point that the needs of his country, the swings and the balance 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 section 4 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

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 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 vlexible provision which is designed to take care of 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 or the amount of assistance which a country might want. And so I would urge you to consider first the

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: (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 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 post-war world that this situation might ~~add~~ add to the ruins and destructions which will exist after the war is over in these countries. 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 does very much regret as a matter of fact to have to reconsider the entire participation of this Delegation at this Conference if this question could not be reconsidered.

DR. WHITE: Any further comment?

The Delegate from Ethiopia.

ETHIOPIA: 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 quota be reconsidered.

DR. WHITE: Any further comment?

The Delegate from Canada.

THE INTERPRETER: If you please -- may I correct a statement?

DR. WHITE: Certainly.

INTERPRETER: If this question of quotas could not be reconsidered, I believe I interpreted it wrongly, and this matter could be reported to the Government in Algiers, it might be a fact that the Government of Algiers request the Delegation to reconsider its participation to the Fund.

DR. WHITE: The Delegate from Canada.

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

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.

DR. WHITE: 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 10 or 15 million dollars worth more 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

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 a 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 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 they 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.

DR. WHITE: 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 of tomorrow. Some of those delegates -- maybe I misunderstood them but on me their

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 Committee has done a very good work.

I will add for 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 by

pressing our own national claims too much.

(Applause)

DR. WHITE: 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 adjustment 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.

DR. WHITE: 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 by the Quota Committee. All those in favor of accepting the report of the Quota Committee, please say "Aye."

VOTE: Aye.

DR. WHITE: Contrary-minded, Nay?

VOTE: Nay.

DR. WHITE: I don't think it is necessary to have a show of hands but if any member wishes it I shall do so.

The Chair will declare the report of the Quota Committee accepted.

The Delegate from Cuba.

CUBA (MR. MACHADO): Mr. Chairman, at the meeting of this Commission two days ago the question of the formation 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.

DR. WHITE: The Delegate from Cuba has requested that the alternative provision 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 the Alternative J. The page number is 26J, Document 310.

The Secretariat will read the first paragraph. It is not necessary to read the remainder, Alternative B or 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.
(Reading)

SECRETARY: "There shall be twelve elected executive directors of whom (a) five shall be appointed by the five members having the largest quotas, (b) five shall be elected by the remaining members other than the American Republics, and, (c) two shall be elected by the American Republics exclusive of any entitled to appoint an executive director under (a) above. Election shall be conducted by in accordance with the provisions of Schedule B. Persons chosen as executive directors need not be governors."

DR. WHITE: The provision is before us for discussion.

The Delegate from Poland.

POLAND: Mr. Chairman, we have submitted a slight modification of (a), Schedule B, which is contained here in the Alternative L on 26M. This alternative is only the slight modification of the Schedule B and provided in the Alternative L. The main feature is that in the place of the provision that 19 percent must be obtained for a seat and when supported will take more than 19, the votes, so to call, wasted can be used to a farther 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, perhaps 23, 25 or more, if with such (inaudible) 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 this 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.

DR. WHITE: Any further comment?

The Delegate from Canada.

CANADA: Mr. Chairman, I would like to bring to the attention of the Committee that the Committee considering the executive committee reported that it had had before it Alternative K 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.

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 ~~the~~ which there might be many debtors. To achieve this, we suggested that at the second and only that, not until the second election of executive directors, that if the two countries whose quotas had 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 assure that there should at all times on the Committee be at least two creditors.

It was our suggestion that these 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 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

is a healthy principle to write into the constitution of the executive committee, I support it before the Commission.

DR. WHITE: Is it clear that Alternative K on page 26M, which the Delegate from Canada is discussing, ~~is~~ 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.

DR. WHITE: The Delegate from Belgium.

BELGIUM(MR. GUTT): I think it is very much to the point 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.

DR. WHITE: 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 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 wouldn't be practicable to refer this question to the Committee on Unsettled Questions. 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.

DR. WHITE: Does the Commission wish to consider the possibility of returning something to the Committee which

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 (MR. 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 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 ~~xxxx~~ the Delegate from Canada to defer consideration of Amendment K, which he has explained does not interfere and is not ~~in~~ inconsistent with 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 J. I would like to tell the delegates here present that for the last hour we have heard the feelings and the 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 Committee and now accepted represent the resources or the financial setup or the income or any of the economic

factors of our share of the world. We seem to feel
that/ⁱⁿthe matter of a quota it was not proper for us to
enter into a competition with our friends on the other
side since it has been clearly stated here 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 multi-
plication 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
~~xxx~~ we are going to surrender some of our sovereign rights.
From now on, the right to determine what the content of
a 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 -- 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

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 taxed but the taxation goes with representation. 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 amendment J, which will give us what we consider is adequate representation on the executive directorate.

DR. WHITE: The Delegate from Egypt.

EGYPT: Mr. Chairman, I would like to bring the attention of this Commission to the Alternative E, page 25H, Document 315. 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.

DR. WHITE: 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

case that there should be fourteen, that there might be fourteen executive directors instead of twelve?

DR. WHITE: 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.

DR. WHITE: In view of the fact that the time is getting very late and the day of the final end of the Conference is approaching 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 if whether it might not be appropriate to put the question to the vote and 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 (MR. LUXFORD): Mr. Chairman.

DR. WHITE: The Delegate from the United States.

UNITED STATES (MR. 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 in their order. For that reason, I would

like to see us focus on Alternative J, which was the first issue before this committee, and I would like to express the support of the United States for such alternative.

DR. WHITE: The Delegate from India.

INDIA: Mr. Chairman, the ~~India~~ Delegation from India wishes to draw attention to Alternative D, 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. I would only say, Mr. Chairman, that we would be quite prepared to see this combined with Alternative J.

DR. WHITE: 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 D shows quite well representation and protects the interests of small countries, but that if it is decided that regional representation should be admitted by the Conference, then the Middle East, as an independent economic unit, should have its own representation.

DR. WHITE: 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 (MR. MONTEROS): I think the question has been sufficiently discussed. Therefore, I move that Alternative J be put to a vote.

DR. WHITE: The motion has already been made.

MEXICO (MR. MONTEROS): I second that motion.

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

The Delegate from Belgium.

BELGIUM (MR. GUTT): I would just like to put a question. We began by discussing the first paragraph of part No. 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.

DR. WHITE: 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.

DR. WHITE: Then, we will confine ~~ix~~ 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?

DR. WHITE: 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 (MR. 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

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.

DR. WHITE: The Delegate from Norway.

NORWAY: Mr. Chairman, may I ask if the original proposals 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 correct and rational in this way to join in a regional representation the way it has been proposed, ~~xxxx~~ 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 proportionate representation which has been outlined in the original proposal 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 non-regional representation, but not a mixture like this. I would like to ask whether A and B as amended is still before the Commission. In that case, we will vote for that proposal.

DR. WHITE: My understanding is that all the alternatives are before the Commission and that if the

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 to be warranted.

End Take 2

The Delegate from the Netherlands.

Last Take

Delegate from 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.

Dr. White: 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.

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

Dr. White: Voting Commission, so it seems.

Delegate from 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.

Dr. White: 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.

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

Dr. White: 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.

Delegate from India: Yes. Amendment J says that five 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.

Dr. White: The Chair will question the appropriateness of an amendment which merely substitutes another alternative

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 inasmuch 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. We now turn to the schedule which is the implementation of the principles stated in 2. Is there any question? The delegate from Belgium had a question about the ~~implementation~~ implementation.

Delegate from Belgium: Mr. Chairman, I just want for the sake of clarity, to stress the remarks made by the Czechoslovakian and Cuban Delegates (inaudible)

Dr. White: The Delegate from Belgium endorses the view of the Delegate from Czechoslovakia that the provision just adopted applies only to members of the Monetary Fund and not to those who may become members in the future.

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

Dr. White: 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

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.

Delegate from Netherlands: The Netherlands Delegation supports Alternative K.

Dr. White: The Delegate from the Netherlands supports Alternative K. The Delegate from Belgium likewise supports Alternative K. United States.

Delegate from United States: We would like to support Alternative K.

Dr. White: Delegate from United States supports Alternative K. 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. The Chair will now call on the Delegate from the Soviet Union.

Delegate from U.S.S.R. The Soviet Delegation has proposed that addition to the Article 3, Section 3(b) be proposed as Alternative B on page 4(a).

Dr. White: Page 4(a) and Alternative B on top of the page.

Delegate from U.S.S.R. 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% of the amount they

otherwise have to pay depending on the extent of the damage to each country by the enemy occupation and hostilities. A discussion of this proposal in the committees and in 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 divergencies of opinion among the member countries. At the same time there were no objections in this ~~committee~~ 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 U.S.S.R. is prepared to withdraw its previous amendment under Alternative B, provided that in the 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} ~~in the newspaper~~ on the 23rd of April in the newspaper (name of paper). I have in my hands the copy of this newspaper and this provision reads as follows: (Reads). We know that some delegation raised objections against including in the agreement of the Fund this provision. The Delegation of the Soviet Union cannot ~~withdraw~~ withdraw this amendment because it has been already ~~published~~ 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~~ 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

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.

Dr. White: 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:

Delegate from France: I understand that what the Delegate from Russia had in mind was Alternative ~~xx~~ C which appears in 4(a) of the old document. (reads)

Dr. White: That is not that figure.

Delegate from France: Reduce to 75% of the amount which would otherwise have to pay--

Dr. White: And the 50% is deleted?

Delegate from France: There is no 50%. Only one figure mentioned in Alternative C.

Dr. White: 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%.

Delegate from Belgium: That is not the Russian proposal.

Dr. White: 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?

Delegate from U.S.S.R.: These proposals which we made,-- It is the proposal written on page 4(a) of the document - Alternative C.

Dr. White: And what is the figure?

Delegate from U.S.S.R. The amount is not set in. That is the reduction we propose by 25%.

Delegate from France: It is to 75%.

Dr. White: The reduction of 25% to 75% - The question is before you for consideration. Delegate from United States.

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

Dr. White: Any other comment? The Delegate from Canada.

Delegate from 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 ~~xx~~ 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.

Dr. White: Any further comment? If not, the Delegate from Belgium.

Delegate from Belgium: The Belgian Delegation supports Alternative C.

Dr. White: The Delegate from Belgium supports Alternative C, which was proposed by the Delegate from the Soviet Union. The Delegate from Cuba.

Delegate from 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 before consideration of this meeting of nations, a plan for the bank for reconstruction and development, I believe that the Delegate of the Soviet might have a case before this assembly. We have parallel with this consideration the establishment by the same nations and on similar lines 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.

Dr. White: The Delegate from France.

Delegate from France: I would like to answer the argument of the Delegate from Canada saying that the act of devastation is not sufficient reason for having to pay less than ~~any~~ others in gold. It is not the fact of devastation. It is the fact that our gold is mortgaged for purposes of ^{re-}construction, 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.

Dr. White: Any further comment? The Delegate from Yugoslavia.

The Delegate from Yugoslavia: I support the proposition of the Soviet Union.

Dr. White: The Delegate from the Netherlands.

Delegate from Netherlands: The Delegation of the Netherlands wants to support the proposal of the Soviet Union.

Dr. White: 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% in those cases where a country has suffered substantial damage from enemy ~~action~~ occupation, please ~~signify~~ signify by saying "aye".

(Ayes heard.)

Opposed?

(Noes heard.)

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.

Delegate from Egypt: Before proceeding further, if I understand rightly, the Chair ^{said} ~~xxxxxx~~, before voting on Alternative J, 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 allotting status has been admitted. I would like to ~~xxx~~ see its extension by adopting Alternative E, page 25h, presented by the Egyptian Delegation granting one seat to Middle East countries. This was seconded by Iraq, and as this is not in conflict with what the Chair said, I move that it be put to a vote.

Dr. White: 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 --

Q. What is the alternative?

Dr. White: Alternative E, page 25h. Part of it would seem to be in conflict. Does the Delegate from the United States feel that this is in conflict?

Delegate from the United States: I do not believe that it is in conflict.

Dr. White: The ^{proposal} ~~xxxxxxx~~ before you is that the Executive Committee shall consist of 15 Executive Directors. Might it be supposed that 15 executive directors is in conflict with 12? They mean two different things?

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

Dr. White: Is there anyone who disagrees that the appointment of 15 directors is not in conflict with the appointment of 12? Since no one disagrees with the ruling of the Chair, I will have to hold that it is in conflict with ~~the~~ J, and therefore out of order to be brought before this Commission at this time. Yesterday we adopted Article XI of the new document 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.

Delegate from Belgium: Mr. Chairman, just coming back for one second only for 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 place that that means every two years. I only moved the question. That definitely means twice a year? I wonder whether that was a misunderstanding.

Dr. White: 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. ~~The question has been asked whether the adoption of the entire Section 3, will the secretary note~~ 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

except this provision on executive directors. All those in favor of accepting Section 3 of Article XI, please signify by saying "aye".

(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.

Reporting Delegate: May I ask that the members of the Drafting Committee remain behind?

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

(Adjourned 6:30 p.m.)