

MINUTES OF MEETING OF COMMISSION I - COMMITTEE 1

10:00 a.m. Auditorium

July 4, 1944

Dr. Tsiang took the Chair upon introduction by Dr. White, Chairman of the Commission I of the Conference. He outlined briefly the procedure to be followed by the Committee indicating that the Committee would follow the topics assigned to it in Document No. 51 distributed by the Secretariat entitled "Assignment". He indicated that the Committee would follow these assignments within each article and proceed section by section. Where there was only one alternative embodying no substantial change the Committee would endeavor to reach agreement or where there was more than one substantial change the Committee would take up the alternative involving substantial change first.

The representative of Ecuador moved that where an alternative does not make a substantial change it should be referred by the Chair to the Subcommittee of three or five members in order that that Committee might agree on the changes it thinks advisable. Mr. Keilhau of Norwegian delegation made the following suggestion on procedure. He indicated that of the topics assigned to this Committee all were important but only the question of quotas was difficult on the account of the great interest of governments in the matter, and because neither the Joint Statement nor the Committee Document F.1 made definite provision with respect to it. Mr. Keilhau therefore suggested that for quotas there be a small expert committee of three including lawyers and bankers among its members. He suggested that the Committee discuss provisionally the proposed formula for quotas and thereafter refer the matter to this subcommittee who would ascertain the views of various delegations and make a report. The Chairman then put the motion of the representative of Ecuador for a small drafting committee involving no substantial change but this motion was lost for lack of a second. The Chairman replied to Mr. Keilhau that shortly a paper on the subject of quotas would be presented to the Committee and that it would be best to defer discussion on the subject until then.

Mr. Keilhau agreed to postpone it until that time.

The Chairman then read Section 1 of Alternative a, to Article I and Judge Vinson of the United States delegation moved that it be adopted on the ground that it involved no change in substance and there was discussion in which Mr. Nash of New Zealand the Egyptian delegation stressed the omission of the alternative A, Section 1 of the words "a permanent institution" and suggested this was a serious omission since "machinery" might be understood to read mere consultative arrangements. Mr. Nash therefore moved that it would be better to return to the original wording of the Joint Statement and was supported by Mr. Varvaressos of Greece and Mr. Soong of China.

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The Canada representative defended the language of Alternative A, Section I in preference to that of the Joint Statement on the grounds that the whole instrument set up an institution in its other provisions and that the reference to "machinery" was appropriate for a statement of purposes.

The Chairman put the motion indicating that the only important point was whether to retain the words "a permanent institution" or not and the motion was lost. (The United States and United Kingdom voted for the motion).

Professor Robbins of United Kingdom referred to the difficulties of drafting in a large group and pointed out that since the Conference was to complete its duties by July 19 it was essential that we focus attention to completing the Committee assignments. He therefore suggested a small drafting Committee as proposed by Mr. Keilhau of Ecuador but suggested that it be a permanent subcommittee of this Committee and suggested that Sections marked with an asterisk (indicating substantial change) be referred to the subcommittee by the Chairman with the approval of the Full Committee.

Mr. Jeremy Raisman of India seconded the motion. Mr. Mládek of Czechoslovakia asked whether the right of the Committee to decide whether the change was one of substance should be fully safeguarded. Mr. Robbins replied that this was implicit in the constitution of the Conference as a paramount principle and that the motion would have needed no amendment in this respect.

The representative of Iran asked whether the Committee would have an opportunity to review the findings of the Committee and the Chairman replied that the Subcommittee would report to the Full Committee.

Professor Mossee of French Delegation seconded the motion which was then put by the Chairman and carried (United States supported the motion).

Judge Vinson then said that though he did not address himself to the results of this vote ~~he~~ wished to raise a question of procedure. It was, he said, his understanding that differences of opinion in the Committee would be reported fully to the Commission. The Chairman, replied that the Committee was not under obligation to report on all purposes of differences since in that case it would not fulfill its purpose of saving time for the Commission.

The Chairman then submitted the alternatives to Section 2, Article I of the Joint Statement indicating that there were two without substantial change and one with substantial change and that he proposed the Committee consider the latter.



Judge Vinson of the United States Delegation then requested that Dr. White, Chairman of the Commission, be given the floor.

Dr. White said that it was his feeling that a vote on each question would be undesirable and would slow down the Committee's progress and asked whether in cases where the Chair recognized the differences of opinion, the Chair would not refer the matter to the Commission and if there is general agreement on this procedure, pass on to the next point.

Dr. White suggested that the Chairman thus not attempt to obtain a vote on each provision. The Chairman replied that it had been, and was his intention to dispose of secondary matters in this manner. On matters of importance it was his intention that the Committee should have free expression of its views and that all shades of opinion should be reported fully. He said that the question raised in regard to Section 1 of Alternative A was a matter more of language than of form. Mr. White then asked whether, when the matter is not brought to vote, the Chairman could not pass to other points because there might be a difference of opinion as to what might be important and what not important and that it might be unfortunate to oblige the Committee to make this distinction in a formal way when the Committee decided whether or not to take a vote.

The Chairman said that motions like the one to constitute a Subcommittee to facilitate the work of the Committee would have to be put to a vote. With regard to other matters it would probably be satisfactory if the Chair would consult the Committee on whether or not there should be a vote.

The Chair then proposed that Alternative C to Section 2 should be considered and read the alternative which is as follows:

Sir Jeremy Raisman of the Indian Delegation then explained to the Committee the reasons in the mind of the Indian Delegation proposing this Alternative. These reasons were in the first instance that the wording of Section 2 of Article I of the Joint Statement gives undue emphasis to the high level of income and of employment in already highly industrial countries. It cannot, he said, be the object of the Fund to restrict its activities in this respect to highly industrialized countries. The Fund should have as its objective also to bring low income countries up to a high level quite as much as to maintain the high level in other countries.

Sir Jeremy Said that the other maintenance implies that such a high level of employment of real income already exists, therefore, the Indian amendment is intended to give explicit expression of what is really meant by this section of the Joint Statement by implication.

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Mr. Beltran of Peru suggested that the intent could be made clearer by adding the words, "promote and maintain" to the Section so that it would read that the objective of the Fund was to promote and maintain high levels of full employment and real income.

Mr. Keilhau of Norway observed that if any of the alternatives were adopted it would be necessary to have the word "promote" in this Section.

The view of the Indian Delegation was supported by the Delegate from Ecuador.

Mr. Holloway of South Africa suggested that the Indian motion goes beyond the main objective of the Fund and that in all of the Committee's discussions the danger of going beyond the proper purpose should be guarded against. He said that as the Indian alternative is worded the purpose is really the purpose of the Bank rather than a purpose of the Fund. He referred to Alternative F of Article I in which cooperation with other agencies is suggested as an objective and indicated that a point was really covered there.

In the further debate on this issue, the Australian Delegate supported the Indian alternative stressing in particular that a conflict might arise between objectives such as exchange stability and the basic economic objectives such as stressed by the Indian alternative and should be clear that the Fund in determining its action should have in mind these major economic issues which should be governing in its policy decisions. He suggested, however, that the word "thereby" in the Indian alternative be dropped and this was agreed to by the Committee including the Indian Delegation. The Chairman said that further consideration of the Indian alternative would be without the inclusion of this word.

Judge Vinson asked for permission to have Dr. Goldenweiser address the Committee and Dr. Goldenweiser said that it would be helpful in view of the United States Delegation if the Committee should agree that the word "maintain" include the idea of "attain" and "promote". He said that if the Committee agreed to refer this alternative to the Drafting Committee, the United States Delegation would be quite ready to see the word "thereby" dropped. He said, however, that it would, in the United States' Delegation view be unfortunate to include the words about the fuller utilization of the resources of undeveloped countries suggested by the Indian delegation. This view was taken on the same grounds put forward by the South African Delegation.



The Brazilian Delegation agreed with the thought of the Indian alternative but felt that as worded it included an objective of the Bank among the objectives of the Fund.

Mr. de Iongh of the Netherland Delegation said that he was very much opposed to the Indian suggestion for reasons which had been expressed in the debate and thought the original text of the Section 2 was excellent.

Mr. Nash of the New Zealand Delegation said that the Expression of trade which is already in the language of the Joint Statement carries by necessary implication the idea of fuller utilization of resources and higher real income. He emphasized the dependence of the Fund for its success upon a national policy of the member countries. He suggested the following revised words for the Indian alternative.

Professor Mosse of the French delegation also proposed new wording for Section 2 as follows:

At the request of the Delegate from Cuba there was discussion of the meaning of the word "balance" as it appears on Article I and it was brought out by Mr. Goldenweiser that unless so qualified the other expression might be taken to mean a growth of imports without a corresponding growth in exports.

The Indian representative said that the additional words proposed by the India delegate did not enlarge the purpose of the Fund but merely made it more complete. He quoted from the Questions and Answers to show that the purpose he mentioned was already in the Fund. The South African representative suggested that Alternative C be referred to the Drafting Committee. The Chairman agreed to so refer the question. If the Committee agreed that the Alternative does not enlarge the meaning of the purposes of the Fund as stated in the Joint Statement.

The representative from Ecuador asked that the question of whether all the alternatives on this Article should not be referred to the Drafting Committee but was over-ruled by the Chair with the support of the Committee.

It was agreed that when the Drafting Committee reaches this Alternative a member of the Indian Delegation should be present.

The meeting was adjourned.