

*Minutes*

COMMISSION II

The Hemicycle - 4:00 p. m.  
July 11, 1944

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ARB

LORD KEYNES: (After calling the meeting to order)  
Gentlemen, there are, first of all, certain matters to report. The Agenda Committee met and approved the *circulation* *file*.... document you have in front of you with all the amendments that have been received up to a certain hour, Without wishing to take the right of any delegation to have second thoughts. They also decided that we would begin with this meeting of the Commission and decide in the course of proceedings precisely what we threw back to the committees. So, now I think it would be convenient for you to know the committee assignments --to be reminded of the committee assignments and to know the committee officers.

Subcommittee <sup>(1)</sup> will deal with Article I, Article II and Article 6, <sup>(2)</sup>4. Subcommittee <sup>(3)</sup> will deal with Article III and Article IV. Subcommittee 3 will deal with Article V and Article VI, apart from the particular section remitted to Subcommittee 1. Subcommittee <sup>(4)</sup> IV will deal with Articles VII, IX, X and XI.

Now, the officers of the committees in question are as follows:

QUESTION: Where is Article VIII?

LORD KEYNES: Article VIII is in Subcommittee 4.

The Chairman of ~~Sub~~Committee 1 is the Delegate of the Netherlands, Mr. Beyen. The Reporting Delegate of that Committee is the representative of Costa Rica, Mr. Oreamuno.

The Chairman of Committee 2 represents Cuba and is Mr. Montoulieu. The Reporting Delegate represents Australia and is Mr. Wheeler.



In Committee 3 the Chairman represents Colombia and is Mr. Pumarejo. The Reporting Delegate of that Committee represents South Africa and is Mr. de Kock.

The Chairman of Committee 4 is the delegate of India, Sir Chintaman D. Deshmukh, and the Reporting Delegate is of the Polish Delegation and is Mr. Baranski.

Now, as regards our procedure today, I think you will all be of the mind that we want to make as rapid progress as we can. Time is running short. Many of the countries here represented attach, I know, primary importance to the Bank and we cannot afford to spend as much time as has been spent on the Fund, particularly as the Fund committees have not yet finished, so that at least for the next two days or three days we shall not have all the time of the Conference at our disposal. Some important measure of time must still be reserved for the Fund. And I am hopeful, therefore, that the procedure may comment itself to you which will cause the maximum rate of progress.

My first proposal is that the Drafting committee should be the same as the Agenda Committee with, of course, power to the Agenda Committee to appoint subcommittees. The Agenda Committee consists of delegates of the United Kingdom, Brazil, Canada, China, Cuba, Czechoslovakia, the French Committee, India, the U. S. S. R. and the United States.

We think that will be a serviceable drafting committee and it would be loss of time to try and find a different one and if you only have one committee for both purposes clearly time is saved.

Is there any delegate who disagrees with that procedure?  
(After a pause) May I say that is agreed.



My next suggestion is that we give this document to begin with a quick run-through with a view to discovering the articles of which there are four fortunately a great many where there appear to be from the start a consensus of opinion, so that we can remit those articles immediately -- those clauses and articles immediately, to the Drafting Committee and they can get busy on tidying up the language and the legal phraseology. Therefore, at the first stage, I should only pass over those clauses where no one has any observations to make. Anyone will have to pull me up who has remarks.

Then, having done that, we should give another run-through in the opposite direction, picking out those major issues which clearly require further discussion either because they are very important and have not been fully threshed out or because they appear to rouse differences of opinion, selecting those major subjects for preliminary discussions outside this commission.

Well, now, at this point I have a suggestion to make that you may or may not think suitable. If we remitted all these questions to the full committees -- which are, after all, this commission all over again -- we should either have to have the committees meeting simultaneously if we would get through our work, which would be very inconvenient to some delegations, I think, who would have to find representatives for all of them as well as for any work on the Fund that was going on. Or, alternatively, we should have to have them all at separate hours, which we fancy here cannot be fitted into the timetable, along with the hours of your engagements.

Therefore, my suggestion is that when matters are referred to a committee that the chairman and reporting

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delegate of that committee should have a certain discretion either to remit it to their whole committee if they think that that is the right course or else to appoint in consultation with the chairman of this Commission forthwith an ad hoc committee of smaller numbers from their own committee, selecting those countries that seem to be particularly interested in the issues in question.

In that way, the ad hoc committees might start work first thing tomorrow without having to have it all over either in this commission or in the committee before you reach the ad hoc stage. It will be entirely at the discretion of the chairman and the reporting delegate of each committee whether it went to the committee as a whole or whether in consultation with me they decide to appoint a small ad hoc committee at once. You see how much time this might save.

Well, now, gentlemen, I should be grateful if you would tell me how that proposal strikes you. Is there any opposition to that procedure?

(None)

Then I may say that is agreed.

After we have selected those questions giving no difficulty and those questions that give major difficulty, there will perhaps remain over an intermediate class and I suggest that we should then tackle those immediately at this meeting if we have time and save time. If they are quickly resolved, then they can fall into the first category and go to the Drafting Committee. If, on others, a few minutes discussion indicates they cannot be quickly resolved, then they will join the second category and



be dealt with according to that procedure.

MR. ACHESON: Mr. Chairman, may I make an inquiry? There may be some sections which will give no difficulty or, at most, a difficulty which can be resolved by the drafting committee in the form in which they are in the document at the present time. However, there may be amendments offered from time to time which may raise a more serious question. Could it be understood that the Drafting Committee could take those amendments and go to work on them without remitting it back and sending it to some other committee?

LORD KEYNES: That would be a very helpful effort if the Commission is agreeable.

MR. ACHESON: Rather than have it referred back and forth between committees.

LORD KEYNES: Is there any objection to ~~making~~ Mr. Acheson's proposal? It seems to be a very helpful one.

(No objection voiced.) May we accept that. No doubt, the Drafting Committee would refer back to the committee if there was a serious difference of opinion between them.

MR. ACHESON: Unquestionably, but if the Drafting Committee then came <sup>to</sup> an amendment and the question is, is it ~~of~~ substance or is it form, and we will waste time.

LORD KEYNES: I think that would be helpful.

Now may we proceed to give our first run-through on this basis? The first question is the title of the Bank. That, I think, comes in the third category, and Article I on the purposes of the Bank, there are ~~a~~ number of alternatives there. They are either in the ~~second~~ or the third category. Therefore, I think we might pass



immediately to Article II, section 1, page 3.

What I propose now is that every article I now name will go to the Drafting Committee unless some delegate raises his hand to the contrary. If I am going too fast, interrupt me, but they will, broadly speaking, be only those articles where there is at present one alternative in front of us. I shan't be quite strict on that because I think there are certain important sections, particularly management, where there is only one alternative in front of us at present but which has not as yet been fully threshed out and ought to go to a committee first. But, apart from one or two important matters like this, I shall read only those cases where we only have one alternative before us.

Article II, section 1, page 3. Drafting Committee.

I pass Section 2.

QUESTION: Mr. Chairman.

LORD KEYNES: Yes?

QUESTION: (By Mr. Melville) I am sorry, I didn't raise my hand. We don't like that principle. Could that be discussed?

LORD KEYNES: I beg your pardon. There is an amendment relating to this which has got to go into a different part of the draft. You are quite correct. I think this ought to be taken with a later amendment. I cannot put my finger on it at the moment; where it is connected with other international organizations, it comes in. Have you the reference, Mr. Melville?

MR. MELVILLE: No. I am afraid I haven't it.

LORD KEYNES: It is right at hand, isn't it?

At any rate, I think that Mr. Melville is right that this should be taken with the amendment, which we shall find further on.



It is at page 45. We will take section 1 here with page 45 and we will come back to that.

Article II I pass, section 2.

Article II, section 3, Drafting Committee.

Article II, section 4, is important. We must pass that. And the same applies to 5 and 6.

Section 7.

MR. ACHESON: Mr. Chairman, I think you have gotten a little ahead of us here. May I ask a question about page 5? Was that to be sent to the Drafting Committee, including the preparation of the schedule?

LORD KEYNES: Oh, no. I think that the schedule, we must remit -- I think that the schedule must be brought up later. We have nothing to bite on yet. I meant section 3 without schedule A.

MR. ACHESON: There may be some question raised in connection with the second paragraph of that. But I suppose that could be dealt with by the Drafting Committee.

LORD KEYNES: I think they might try it first, mightn't they? But certainly I didn't mean the schedule.

Now I am passing several pages where there are important matters.

Page 9, Drafting Committee.

Section 8, page 10, Drafting Committee.

Section 9, page 11. I think we must take this at the third run-over unless we can talk that over now.

Alternative B is making a very sensible addition, I suggest. Would you be prepared to pass Alternative A with Alternative B added to it to the Drafting Committee? Any objection to that?

MR. ACHESON: There is a question on agreeing to Alternative B.



LORD KEYNES: Yes. Pass that to the Drafting Committee with Alternative B added.

MR. ACHESON: We have doubts.

LORD KEYNES: I see. We now pass that.

Page 12. I now pass to page 13. Well, now, here there is a small draft amendment. Does anybody object to Alternative B being passed to the Drafting Committee?

MR. ACHESON: Yes.

LORD KEYNES: You do?

MR. ACHESON: Yes.

LORD KEYNES: We pass that.

Page 14. I would call your attention to the fact that when we come to this it should be taken together with the proposal on page 21, which seriously overlaps it.

Then, section 4 is very important and clearly has to be preserved; and section 5.

Well, now, when we get to section 5 and 6, could I ask the proposer of Alternative B of those two whether there is a misprint? We think that these proposals may have got in on the wrong page. They don't appear to make any sense. Pages 17 and 18.

Would the proposer of Alternative B put us wise to this?

MR. COLBJORNSEN (NORWAY): The sense of this proposal from the Norwegian Delegation is that the Bank shall have the opportunity to give an ordinary loan to a member government, not only for a specific project, and paying out the whole loan at once, not in portions, and under supervision.

LORD KEYNES: I am afraid the thing as drafted wouldn't have that effect. Perhaps we could take the sense of that because that tears up the major part of the document, doesn't it? I suppose we could discuss the substance of it in this place. If it was carried over to make it



effective it would be quite different to this. If this amendment was carried out it would mean that no government could ever get any money.

MR. COLBJORNSSEN: Mr. Chairman, I am afraid I mistook it for another thing. It comes later. I think the meaning of this is to make it possible for a government to have a loan of foreign currency not only for the purchase of commodities in that country but for general currency purposes in order to strengthen their currency reserves of the country. And the argumentation is that a project may need currency not only to buy that which is quickly needed for the project but also to buy consumer articles, like sugar and coffee, which is a consequence of a general expansion in the interior economy which in its turn again --

LORD KEYNES: If I may interrupt you, I don't think we want to talk the substance. This is in the wrong place. It ought to be an amendment 7, Article III, on page 15A, where it is provided that loans made..... guarantee..... should be for the purpose of the special project." What you are wanting to do is to dissent from the proposal on 15A. Perhaps we might remove your alternative and redraft it to that place.

MR. COLBJORNSSEN: Mr. Chairman, I think it is very difficult to discuss these matters if we cannot go into the substance of it. The general sense of the Norwegian proposal is to make the loans free.

LORD KEYNES: Yes. I understand the substance but I rule it out of order in this section. You must bring it in in another section where it is relevant. It makes no sense here. Because, while I quite understand the substance of it, it relates to another clause.



MR. COLBJORNSEN: Well, it may be an error of the Secretariat and we haven't run through all this matter but I am sure in our proposal as we gave it to the Secretariat it made sense. But it must be included not in the right place.

LORD KEYNES: It is the place where we were told to put it. Would you object to its being removed to page 15A?

MR. COLBJORNSEN: No. I do not object.

LORD KEYNES: Well, if we could remove that to 15A, where I think the substance can be very fully discussed, then perhaps we could pass section 5 to the Drafting Committee. But I would call the attention of the Drafting Committee to the fact that (c), which is a drafting point, is redundant. It reoccurs on page 20. May I pass section 5 to the Drafting Committee? I think the Norwegian Delegate may have the same point on the next page, 18.

MR. ACHESON: I regret to say we couldn't hear what action you were proposing.

LORD KEYNES: I was proposing to transfer Alternative B on page 17 to a previous page, the previous section, and then to pass 5 to the Drafting Committee. That's right, isn't it?

MR. ACHESON: Yes.

LORD KEYNES: Well, now, page 18. I think the same page arises.

MR. COLBJORNSEN: Yes. My first remark really refers to Alternative B on page 18. That is, that when a borrower is a government it can have the whole amount at once and discharge all under its own control without <sup>disposal of it</sup> this apportionment and examination and control which is provided for specific projects.

LORD KEYNES: Yes. I think this is in order in this place. It is proposed as an amendment to 6(b) that where



it isn't a government the Bank may ..... to assure that the proceeds of the loan shall be used only for the purposes for which the loan is granted, but where ~~is~~ a government is involved it is proposed that there shall not be that limitation. Therefore, I think we must pass that.

Now, section 1, Article IV, page 19. Can that go to the Drafting Committee?

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MR. BEYEN: Why/shouldn't think so. Mr. Chairman, ..... discussion on principle. (Inaudible)

LORD KEYNES: Well, I think if there is any objection we better not pass it to the Drafting Committee.

I think that the amendment on page 21 ought to be taken with the amendment on page 14, which is the same subject. I think that Alternative B is not really in order here; it is in order on page 14. Does the author of Alternative B accept that?

MR. COLBJORNSEN: Yes. It is accepted.

LORD KEYNES: The author of Alternative B on page 21 agrees that the more appropriate place for that is on page 14, so that we transfer it. And I think we can then pass Alternative A to the Drafting Committee.

Article IV is a major matter which clearly requires further discussion.

That carries us to page 23. Perhaps that can go to the Drafting Committee.

Then we turn to page 24. That clearly goes with whatever committee considers section 4.

Section 7. May that go to the Drafting Committee?

(After a pause) Page 25 goes to the Drafting Committee.

Mr. Acheson: I think it better go to the committee.



LORD KEYNES: What is the point there?

MR. ACHESON: I think there will be questions of substance there.

LORD KEYNES: I see. All right.

Section 8, page 26. Any objection to that going to the Drafting Committee?

MR. BEYEN: Mr. Chairman, is Section 6 going to the Drafting Committee?

LORD KEYNES: No.

MR. BEYEN: Thank you.

LORD KEYNES: Section 8? Any objection on that?

(None was voiced.)

LORD KEYNES: Drafting Committee.

Section 9, page 27. Drafting Committee?

(After a pause) Section 10, page 28. Drafting

Committee?

Take 2  
fols.



Lord Keynes: Now we come to Article 5 - pages 29 to 36. I think the first 8 sections should all be considered together by Committee 3. Perhaps I anticipate what we are coming to later to be up to the chairman and reporting delegate to decide whether they want it discussed in the whole committee or ad hoc. Although there are no alternatives before us I don't think any of us feel that those sections are being thrown out - Article 5, section 1 to 8.

Mr. Acheson: May I make a suggestion that there is a general rule of policy. The Commission indicated that wherever ~~whenever~~ comparable paragraphs of bank and fund go along, the language agreed upon for the fund should be incorporated in the bank.

Lord Keynes: Any objection to that general ~~rule~~ rule where the substance is the same the language should be the same?

Mr. Beyen (Netherlands): As a general rule it is only applicable where the substance is the same.

Lord Keynes: Yes.

Mr. Acheson: Mr. Chairman, what we are attempting to avoid is the result which comes by saying the same thing differently.

Lord Keynes: It is most important. Now page 37. We are now reaching smaller matters. I suggest page 37 might go to the drafting committee.

Mr. Gomez (Mexico): The last sentence of section 9 saying that further obligations is "currency of the Fund".

Lord Keynes: That is a misprint "of the Bank". May we have a correction of that misprint - put it to the Drafting Committee. Section 10 - Drafting Committee. Page 39, section 11 - Drafting Committee. Section 12 is a little more significant. May that go to the Drafting Committee?



Mr. Acheson: We prefer to have that go to the Committee.

Lord Keynes: May we add section 12 to the Third Committee and the first 8 sections and section 12 to the Committee. Section 13 - Drafting Committee.

Mr. Beyen: Mr. ~~Chairman~~ Chairman, may I be excused for objecting. I rather think that section 10 should be discussed. I think that is a very important subject and it may influence the attitude that people anticipate very much. I think it would be a good thing to have it discussed.

Lord Keynes: I hope it won't be discussed too much. I think it very well wants to go - but ~~and~~ <sup>have</sup> section 10, also sections 8, 10 and 12 referred to the committee.

Mr. Acheson: Mr. Chairman, that is identical with the provision in the Fund.

Lord Keynes: I know. That is what I thought. Do you really want to discuss it?

Mr. Beyen: Yes. The fact that it is identical with the Fund does not mean that it has the same importance in the Fund as in the Bank.

Lord Keynes: We will put that to the Committee. The other goes to the Drafting Committee. Article 6 is very much a Drafting Committee matter. It follows very closely the lines of the Fund and I think it is more for lawyers. In case any member wants to interrupt - I will take the sections one by one. May section 1 of Article 6 go to the Drafting Committee?

Q. Page?

Lord Keynes: Page 42. Section 2, page 43, Drafting Committee. Section 3, page 44, Drafting Committee. And now, section 4. This is one Mr. Melville called your attention to and that must clearly go to committee together



with the matter at the very beginning which we associated with it. Here it is a question of which committee ~~it~~ it goes to. Insofar as we consider this Article 6, it would go to Committee 1 (or 3).

Mr. Acheson: Mr. Chairman, have you passed Article 6, section 3?

Lord Keynes: I was about to pass it.

Mr. Acheson: Are you going to send that to Drafting?

Lord Keynes: Yes.

Mr. Acheson: That is a pretty important section.

Lord Keynes: It is very important but I heard no opposition to it. Now, section 4 we agreed earlier in the afternoon should be taken with page 3. I think we might now refer page 3 and page 45 to the Chairman of Subcommittee 1. I should think he would very likely want to have a small ad hoc on those two together, but that is in his discretion. May we add that - page 3 and 45 together be referred to the chairman of Subcommittee 1. Section 5, may that go to the Drafting Committee? There is considerable question of drafting and a large question of substance. Page 47, section 6 - May that go to the Drafting Committee? Section 7 - Very much the same ~~language~~ language as the Fund - Drafting Committee.

Mr. Acheson: We don't object to page 45, 44 and 47 as going to the Committee rather than Drafting Committee.

Lord Keynes: Page 45?

Mr. Acheson: Page 44.

Lord Keynes: 44 and 47 - Take those together.

May agree that 44 and 47 are referred to the Chairman of Committee 3. Make a note of that - Pages 44 and 47 go to Committee 3. Forty-five goes to a different committee.



Now we have reached page 48. What about that? Do you think that can go to the Drafting Committee?

Mr. Acheson: I think that also should be referred to Committee 3 for questions in drafting.

Lord Keynes: We don't want to invent questions, do we? Are there any other questions that the members want to raise? You see, this is very much simpler than in the case of the Fund. Do you think we want to encourage amendments on it?

Mr. Acheson: No, we don't want to encourage amendments but there are different questions here than there are in connection with the liquidation of the Fund.

Lord Keynes: Do you think this then ~~xxx~~ can go to the same committee as we have given 44 and 47 to? Add this to the same committee as 44 and 47.

Mr. Gutt: Page 42 and 43, original amendment would go to the suspension of the membership - - - have some connection with this - examined in the same lot.

Lord Keynes: Forty-two and forty-three go to that same committee. Secretary, do you have a note of this? These are different sections of Article 6. Now 49, would that go to the Drafting Committee? Forty-nine, Article 7 - We have now gotten to Article 7, section 1. Any objection? Article 7, section 2 - That also seems ready for Drafting Committee. Now Article 7 - We haven't got any amendment here but I have heard in conversation some question raised as to whether section 3 on page 51 doesn't go rather far. I think probably this ought to be referred to a committee. Is that not so?



Mr. Beyen: Yes, very definitely.

Lord Keynes: This is under Committee 4. So may we refer page 51 to the Chairman of Subcommittee 4 and possibly, I am not sure, but does not the same apply to page 52?

Mr. Yes.

Lord Keynes: It would have to go to the same committee as page 51. Now page 53, I think is the same as in the Fund. What is felt about that? How right is that? Mr. Acheson, do you think page 53 is ready for Drafting Committee?

Mr. Acheson: Yes, Mr. Chairman, I think that is ready for Drafting Committee. I would raise one question about the Fund. On page 49 there is a question where the Drafting Committee differs from the Bank. At the end of the section (reads the section to the word "suspension") that may involve obligations which would go on for 50 years and there would have to be consideration of that question.

Lord Keynes: I think it would be better for the Drafting Committee to pass first on it, with respect to lasting guarantees - Yes. Now there is Article 9 - I think that is ready. That is, again, very similar to the Fund and I think this has been lifted from the Fund. The text will be the same. Page 54 - So this really has had a good deal of discussion, if not by our Commission. May that go to the Drafting Committee?/Page 55 - Whom do you expect to supply these definitions? I am told that a volunteer group has offered to work with the definitions. Perhaps we might pass that until we hear from them. Page 56 - Does that go to the Drafting Committee? Page 57, we have to wait until it arrives. I think page 57 is essentially a legal matter which the Drafting Committee will provide us with after everything



else is finished. Is that right, Mr. Acheson?

Mr. Acheson: Yes.

Lord Keynes: ~~But~~ Perhaps, then, we might refer it to them. I don't think we can do any work on ~~page~~ that. Page 57 goes to the Drafting Committee. I have to admit we mixed up stages 1 and 2 to a certain extent. We can now go through and make some major references to committees that are apparently going to be necessary and I should like to pass over one or two points in case we have time to discuss them here after we have done that. One of the major questions - There are certain miscellaneous questions in Article 2 which might perhaps be connected together - So far as page 3 is concerned, that we have already referred to the committee. I think we might refer to chairman of Subcommittee 1, pages 4, pages 6 with its a's and pages 7 and pages 8. Pages 4 to 9 all rather hang together. They might go to the chairman of Committee 1 who will decide whether it should go to the whole committee or to ad hoc. Now I think we might also refer to that same committee pages 11 and 11(a) - to that same committee. Is that all right? No, there is an alternative. I think 11 has to go to the same committee as 4 to 9. Now 12, perhaps we might see if we can discuss that later. We might reserve that for a moment. Now 13 raises an issue which I ~~think~~ think comes sporadically. That is the ~~xxx~~ relationship of this institution to other international institutions and I think we want ~~a~~ a committee which deals with that whole issue. We have had some communications from observers now present from other international bodies and I think it would be helpful to have a committee to take up all matters so arising. I am not quite



sure what the rules and regulations propose but I think we ~~should~~ might wish the observers who are here present to be free to speak before that committee.

Mr. - - - - : That is an ad hoc committee?

Lord Keynes: That is an ad hoc committee which will be appointed by the chairman of ~~Subcommittee~~ Subcommittee 2. I hope several of these will be ad hoc committees. That is for the chairmen to decide. I think there are some proposals about this which are not, as yet, in this paper. Perhaps the secretariat might send the committee any other matter which reaches it which deals with the relationship of this institution to other international bodies. It is the chairman of subcommittee 2 who will attend to that. Now we come to an important matter which I think might usefully be referred to a committee, either separately or in conjunction with the following explanations. I should care for an opinion of this, section 3. Now we have incorporated in this page 21 is a matter which we have discussed a few moments ago and on which varying opinions are held. Would it be better to have a separate committee on that or refer it to the same committee as section 4 which is also important. I think perhaps they might go together. Subcommittee on 3 and 4 be appointed by chairman of Subcommittee 2 that will cover pages ~~15~~ 14, 15 with its a, b, c, d and e. I think we might throw in 16 with that. Yes, pages 14 to 16 to that committee. It is a separate subject.

Q. Subcommittee 2?

Lord Keynes: I think possibly the Norwegian amendment on page 18 might also go to that committee. Would that be convenient for the Norwegian Delegation?

Mr. Colbjornsen: Yes.



Lord Keynes: Pages 14, 16 and 18. Now we come to a series of very important pages. Page 17 is now in Drafting Committee. The Norwegian amendment will be transferred, you see, from an earlier page.

Mr. -----: It should be given to the Drafting Committee.

Lord Keynes: It is suggested that page 17, instead of going to the Drafting Committee should go to the same committee which deals with pages 14 to 18, inclusive. I think that is wise. Article 4 need to be one committee - pages 19 to 22. Pages 19 to 22 referred to the chairman of Subcommittee 2. I am sure it will save time if, when a committee has a number of matters referred to it, it could break up into groups to deal with these separate ~~blocks~~ blocs. Now I think we have dealt with everything except some things at the beginning.

Q. What about page 24?

Lord Keynes: Page 22, 23 has gone to the Drafting Committee and 24 has gone to the same committee which is dealing with - yes/- <sup>24</sup> pages 19 to 22 and page 24 go to that committee and 23 has nothing at all - that is going to the Drafting Committee. Now, unless I am mistaken, we have dealt with everything except pages 1 and 2 and 12.

Mr. Acheson: Page 25, Mr. Chairman?

Lord Keynes: Page 25 has gone to the Drafting Committee. There are some drafting points there which we have got, but I think that is absolutely drafting points.

Mr. Acheson: I think that would go to the same committee - Committee 2.

Lord Keynes: Yes. We might put pages 19 to 22, 24 and 25 to that committee. Now we have got left pages - Title of Bank, Purposes of Bank and question which has been



raised on page 12 which goes rather deep in the root of everything and it is your pleasure----

Mr. \*\*\*\*\*: Mr. Chairman, I am afraid that there are several persons in this room who are not air-minded enough so may I suggest that we may have by tomorrow morning a printed list in which it is stated which articles are referred to the Drafting Committee and to other committees.

Lord Keynes: Certainly - That is the intention. Is it your pleasure that we should proceed for a little longer? It is now 5:00 o'clock - To discuss one or two matters of a very general character that I think are better discussed in the Commission than anywhere else. Is that all right? Now the first matter is on page 1 and 1(a). Some of us think that almost any name is better for this than "Bank" because it is not a bank and leads to false associations in the public mind, but when we come to suggest an alternative perhaps we are not so happily inspired and I think it would be helpful if we could have an expression of opinion. There were three alternatives on the paper - Bank, Corporation and <sup>Guaranty</sup> Guarantee and Investment Association, but many other suggestions might be made - Might we hear views on this?

Mr. Istel: Mr. Chairman, the reason I suggest International Guaranty (or Guarantee) and Investment Association it was thought that it was preferable that the name should express the function of the bank rather than the temporary functions such as <sup>either</sup> reconstruction and development. The function of the bank is/primarily to guarantee or primarily to invest so I think that those two functions might properly be expressed in the name. Personally I would prefer "Guaranty (or ee) and Investment" rather than "Investment



and (Guarantee or) Guaranty because I think the guarantee function of the association is more important than the investment function, inasmuch as less capital will be available for investment.

Q. "Association" in English is a very weak word.

Mr. Istel: I would be perfectly willing to say "Institute" or ~~any~~ any other name.

Mr. Brand: I support your view. "Association" is a weak ~~word~~ word. It reminds us in England of Young Men's Christian Association. I have no objection to it at all. I think it is a weak word, that is, I personally prefer very much the word "corporation" and I think it ought to be acceptable in the United States because they have a highly successful institution, the R. F. C. which bears the word "corporation". "Corporation", so far as United Kingdom is concerned, is a word which I think expresses well what this body would carry out and I think the combination "International Guaranty and Investment Corporation" would be the best solution.

Mr. Colbjornsen: Mr. Chairman, would it not be proper to defer the question of name until we have decided on the matter of substance especially under Article 4. After all we must decide the general character of the bank. There is in the new proposals that we have received now another big change from what we have previously - - - One is that the role of the bank as a guarantee bank is more stressed in the later proposal. There may be governments - my government - which are interested more in the role of the bank, an institution as really a bank which may give loans to governments and not only guarantee specific projects. This question is also related to that introduced by the chairman in his remarks during our first



session of this Commission where it was proposed, as we have done now in the latest draft, a flat rate of guarantee commission. That is a complete novelty because previously up to at least the question of the United States Treasury which was received a month ago, we thought that there ought to be a differentiation between guarantee as is usual in banking and ~~investment~~ investment practice. I refer, for instance, to the question 21 where the American answer is that the rate of interest of loan through the bank will vary with the financial markets or the credit condition of the borrower. That is what we have tried to incorporate in our amendments on this specific point. I think we could profitably defer that question of naming this baby until we have decided the general character of the institution which will only be decided after having finished more or less with the operative provisions of this institution.

Delegate from Mexico: I quite agree with the Delegate from the United Kingdom as to the ~~XXXX~~ weakness of the word "association" but in Spanish the word "corporation" has no appropriate translation.

Delegate from : Mr. Chairman, it seems to me that it is of great importance that the purposes of this body should be expressed in the name and therefore it seems to me that the words "Reconstruction and Development" should not be omitted in the name because it is of importance that the popular opinion of the United Nations may know what is the purpose of the bank which we are creating.

Mr. Machado: Mr. Chairman, some of us are not prepared to go into details of this discussion because we have just received this afternoon - or this morning- the complete copy of the final draft and we would like to have an opportunity to discuss among the members of our own delegation



some of the provisions of the final draft. Perhaps some of the details of the name might be left to the proper committee. In the meantime, will we have an opportunity to go over some of the matters referred to the Drafting Committee. For instance, in connection with the management of the bank, we have some amendments in connection with the management of the Fund and I notice that in the final draft submitted here that the language and technique of the management of the fund is closely followed. I was perhaps if we might not refer it to the committee, wondering if we could save time/by having the delegates express views on this subject.

Lord Keynes: I think the object is to save time but not preclude any delegation which has studied the matter in having certain thoughts. If we put off until everyone has time to complete the discussion, we would have no bank. Wouldn't it be better to have a bank rather than not to have a bank at all? Aren't you sufficiently protected if nothing is finally settled at this stage so that you can come back - whether it has gone to the Drafting Committee or not with any suggestion on any point. You have only a few days altogether.

Q. Would we be at liberty to ask that matters be taken from the Drafting Committee to the respective committees?

Lord Keynes: It would depend on that, sure. Any point you want to raise it would be sent in to the secretaries.

Q. I move that the question be referred to Committee 3.

Lord Keynes: It has been referred.

Q. To Committee 3?

Lord Keynes: I think so. Are there any other remarks on the name of the bank?



Delegate from Ecuador: It seems to me that the name is secondary. I would say a few words that we were invited to discuss the establishment of the bank. As far as I know there is going to be a bank and the bank is to be dedicated to reconstruction and development and I think that the object to which the bank is going to be put, reconstruction and development, is preferable to investment, as the means to be employed in order to reconstruct and develop.

Lord Keynes: Any other remarks?

Mr. Acheson: Mr. Chairman, may I make three points in regard to the bank. First, it seems to us it would be desirable to have the idea of development and reconstruction in the name. Second, that it would be desirable to have a name which indicated that this organization would not itself undertake development and reconstruction. In other words, this is not an operating organization which would go out and build dams but it is financing that operation. The third point is that the word "corporation" would raise difficulties in the United States because if there is one thing about this organization, it is not a corporation. In other words, it is not incorporated either by all nations together or one nation, and it is not, according to our conception, a corporation. It seems to me roughly the word "bank" comes nearest to what it was, but if it is not, let us get some other name.

U.S.S.R. This bank is not a corporation or association therefore the Soviet Delegation does not see any reason for substituting "bank" for any other word and we wish to suggest that the proposal as in the American Draft, "Bank of Reconstruction and Development" - - - .



Lord Keynes: I don't know what may be the case in other languages. This performs none of the functions of an English Bank - none whatever - and therefore it is terribly misleading. If I may sum up so far, I think there has been the consensus of opinion to keep "reconstruction and development" in it rather than "reconstruction and investment". Therefore I think we might draft Alternative c, and I think we should all agree with Mr. Acheson that there must be no suggestion that this is an operative body. Therefore it is a matter of either calling it International Bank or Corporation or some other third word and I think we might now have second and third and fourth and fifth thoughts on this and if ~~xy~~ anyone has a bright idea he would do a great service if he would send it into the secretary. I think this is rather a matter of the Commission rather than Committee. I think this is the right body to discuss it. May we pass on with the suggestion that the bright idea should be sent in by the delegate. Now the next matter is one which we may have to put off but I think we might have a little useful discussion here because while it is allocated to Committee 1, it really overlaps every committee and therefore is really a Commission matter. It has no special connection with the other functions of Committee 1 and I will call attention to the various alternatives - If you look at Alternative (a), page 2, we have got four suggestions for the first clause. First suggestion is on the first page, second suggestion is first clause of Alternative (c), we amend that ~~that~~ one. <sup>We amend that one.</sup> Third is first alternative of Alternative (d)/and Alternative (f). We amend that one. First paragraph of these four suggestions are very similar to one another in much more than differences of language.



I think the issue here is we might first of all compare Alternative (c) with (a). Alternative (c) is a little more elaborate in that it adds the words "and the restoration of economy destroyed by hostilities". The question is does anyone really object to the addition of those words? Is there anyone who feels - I am suggesting possibly that the deciding of Alternative (c) - to agree on Alternative (c) by adding these words.

Q. Effected by enemy action?

A. I think that is our favorite word "Where effected by enemy action."

Mr. Acheson: We have attempted to go through with these three alternatives and bring together henceforth all the ideas. I think that there was no objection whatever to restoration, reconstruction and development. In the particular draft which I have and am ~~willing~~ willing to propose after I have had a chance to edit it - It is not quite ready to propose. I wonder if this is not a matter where everybody is really agreed and which the Drafting Committee can very speedily get out a draft.

Lord Keynes: I think that is a good suggestion. I think there is ~~an~~<sup>a</sup> point ~~in~~ here except properly descriptive language.

Mr. Beyen: I think that it is not destroyed by enemy action but friendly action. The feeling may be different but the effect is very much the same.

Lord Keynes: Might we refer it to Committee 1? Perhaps 2 - We have 4 Alternatives. Alternative (a), Alternative (b) -- We might take that first as an attempt to bring Alternative (a) in conformity with Alternative (b). I think that is suggested later - that is to say, it is not strictly commercial in its criteria. Then Alternative (c) is



enlarging the description very much as in the first - Alternative (e) is only a verbal change, I think, and that is all. That also should be referred to the Drafting Committee. Mr. Acheson, is this also suitable for the Drafting Committee?

Mr. Acheson: I think that the same thing can be done with all of these, Mr. Chairman and I think it would take a few hours of the Drafting Committee to bring back a whole statement of purposes.

Lord Keynes: I think that would be very good. May we refer this. I ~~think~~ have not discovered ~~any~~ in reading this, any point of controversy. It is a matter of getting the right descriptive language. May we refer the whole of Article 1 to the Drafting Committee? Now I should like to pass to page 12 which raises a matter which strikes so deep, that I think it is not appropriate for any single committee. Perhaps the delegation responsible for Alternative (b) will speak for it?

Delegate from Mexico: In the first place I should like to point out that the word ~~restricted~~ "restricted" be deleted from the title. When we submitted the alternative, we put Section 1, Use of Resources and we deleted the word "restricted and, Mr. Chairman, I would further like to ask you, if it pleases the Commission, the Mexican Delegation would like to make a brief statement, and explain this alternative proposal. It may appear to some of you that our proposal would rather hamper the bank's reconstruction operations during the first years but we wish to assure you that it is very far from our purpose to place obstacles in the way of reconstruction. We are fully aware of the damage that the war has done to the productive capacity



of our allies in Europe and Asia and we realize also that once liberated the territories now occupied by our enemies would require a great deal of capital in order to be fit *set afoot* again and we are no less aware of the direct sacrifices undergone by all those nations. Therefore, it is not with a spirit of denying them a substantial measure of the ~~important amendment~~ *this and* Bank's resources that we have introduced this. To our mind, Our reasons for asking to provide that reconstruction and development be put on the same footing are three-fold. First, we believe that the agreement we are to reach here is to be imposed in a permanent and not in a provisional international instrument. Therefore, it seems to us inappropriate that the document should not contain an equal emphasis on the two great purposes of the Bank, namely, to facilitate reconstruction and development. In the very short run perhaps reconstruction would be more urgent for the world as a whole but in the long run, Mr. Chairman, before we are all too dead if I may say so, development must prevail, and if we are to sustain ~~and~~ increase real income everywhere. Without denying the initial importance of reconstruction, we ask you not to relegate or postpone development. *Secondly,* ~~Equally,~~ we believe that we and other nations not actually in need of funds ~~for~~ reconstruction can greatly assist in the reconstruction of those who do need it, providing our economies be developed more fully at the same time as rehabilitation of the war torn nations takes place. We have resources which are still untapped. A large part of our population has not yet attained an adequate standard of living and yet we have not hesitated to throw in our lot with our allies, disregarding temporarily all our wide domestic problems. If we tackle these and for that require sums of capital which we do not dispose of at home we will undoubtedly benefit not only ourselves but the world as a whole and particularly the industrial nations in that we shall provide better markets and better *goods* qualities. We submit, therefore, Mr. Chairman, that capital for development purposes in our country is as important for the world as is capital for reconstruction purposes. Third and last, and we again



wish to emphasize that it is with no unfriendly spirit that we make this reference, we should like to call your attention to an important provision of the draft. I refer to Article 2, section 5(a), which states that payments in gold shall be graduated according to a schedule that shall take into account the adequacy of the gold and free foreign ~~exch~~ exchange holdings of every member country. We believe that, having in mind the position in which the war devastated countries are, this is only fair and we have no intention whatever of grudging one ounce of our contribution in gold but since we happen to have unprecedented holdings of gold in foreign ~~exch~~ exchange, and we speak I believe for the <sup>great</sup> majority of Latin American nations, and since we feel that we have an opportunity of devoting part of our holdings to the importing of capital goods for our development, it is our considered opinion that in contributing part of them ungrudgingly to the Bank for the benefit of all the nations constituting it we should desire at least the assurance that our request for capital for development purposes shall, in the words of our amendment, be given equal consideration as is given to reconstruction projects, and further the assurance that the resources and facilities of the Bank shall always be made available to the same extent for either kind of project. We do wish to make it perfectly clear, Mr. Chairman, that we do not desire to impose on the Bank a rigid fifty, fifty rule. We believe some discretion on the Bank's part should be provided for. Furthermore, what we ask is only that the Bank's resources and facilities be made available to us in the event these countries requesting loans for development purposes do not use up the resources and facilities made available to them. Countries requiring loans for reconstruction purposes would have a claim on the unused resources. In conclusion, may we emphasize that we do not contemplate a rigid interpretation of the phrase "to the same extent" but that we do think it is a principle which should be <sup>imposed</sup> (imposed) in the instrument. we are endeavoring to draw up. We are



perfectly willing, Mr. Chairman, to accept a better wording of our proposed amendment so long as the same principle is preserved in it.

Delegate from Cuba: The Cuban delegation desires to state -----  
(inaudible).

Mr. Beyen (Netherlands): On the part of the Dutch delegation there would not be any objection against the spirit of this amendment but I would like to suggest with all due respect to the Mexican delegation that the wording is not very happy. It seems to me a bit strict, and without wanting to be facetious, I want to draw your attention to the fact that if the period of reconstruction is over this word would mean that we would first have to do a little amount of devastation in order to keep both amounts equal. That ~~would not be~~ can't be the intention of the Mexican delegation and it is not necessary. What we want is some sort of general indication that projects for development are equally as important as projects for reconstruction but I don't think we can usefully go any further.

Lord Keynes: Might I suggest something to the Mexican delegation which seems to be in the spirit of their proposal and Mr. Beyen's remarks for it might run, ~~the~~ <sup>generally</sup> the resources and facilities of the Bank should be used exclusively with equal equitable consideration, projects for development and projects for reconstruction alike.

Delegate from Mexico: I think that would be acceptable to us.

Lord Keynes: Would that be acceptable to the Members of the Commission?

Answer: Yes.

Lord Keynes: May we adopt those words and refer it to the drafting committee as amended? <sup>agreed.</sup> Now it is after five o'clock and perhaps the most convenient thing now would be if I would ask the members of the appropriate committees and chairmen and reporting delegates of the committees to stay behind that we might clear up some things. One point the secretary has called my attention to. /We referred this to Committee 2. The Secretariat pointed out that a similar matter is going to Committee 3, and that Committee 3 is the appropriate body.



Is there any objection to that, Committee 3 instead of Committee 2?

I think our idea would be that the ad hoc committees and the committees should start as soon as possible, as soon as their chairmen can get them going, and report to this body not later than Thursday, I hope early in the day. That would give the whole of tomorrow for committees. (This is <sup>John</sup>not suggesting that (the) committees (will) finish all their work tomorrow but <sup>if</sup> we could pass on some <sup>chunks</sup> to the drafting committee, It would help, and we could also receive from the drafting committee by Thursday their ~~xxx~~ draft of Article 1. And then I suppose we would have to meet on Thursday afternoon. I think it looks as if we might begin to catch up, but it does mean that the committees must meet rather actively tomorrow and I believe that if the chairmen can work in smaller groups than the whole and then take it to their committee as a whole, we shall go on more rapidly. If every delegate present today wants to be present in the discussion of all these issues clearly they will have to stay up all night and that is perhaps something to be avoided. May we adjourn on that understanding?

Delegate from Mexico: Mr. Chairman, may I make a suggestion that the drafting committee take into account the wording of the clause in the article to which we referred a while ago in our amendment, taking into account that alteration in the wording of other articles and sections of the draft.

Lord Keynes: No doubt they will seek to harmonize, give equal emphasis to reconstruction and development. No doubt they will attend to that. If you think they haven't attended to it enough to get results you can raise it again. If there is no other question may I ask the members of the Agenda Committee and <sup>Chairmen</sup>~~members~~ and reporters to remain behind.