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June 21, 1944

General Meeting

Given out rest of flimsies on Fund tonight. Have not got completed document. Will bind flimsies together later this week.

Suggest committee meet from 9:30-12 -- instead of 10:30-1:00 P.M. Smyrnov wanted 12:00-1:30. Coe vs. staggering -- too many at one meeting - must get more done.

Decided on 9:30-12 for all committees.

Committee A

- Hexner - On agreement on par values - can't be real members till agreed. Must be conditional membership. Question whether a general period or some special periods.
- White - Would take existing rates at some time that all would go in with - then a period during which can raise question as to appropriateness -- say 6 months -- if not satisfied then could presumably withdraw, though that is not clear.
- Monteros - Joint Statement is talking of par values in gold. Should be talking of a rate structure. Many countries do not want to link legally to gold.
- Hexner - Express in terms of gold.
- Istel - Since U. S. dollar linked to gold no difference in the conceptions.
- White - Do you want to fix in terms of dollars.
- Brigden - Need a beginning - those who have agreed on rates constitute the Fund .
- White - Those who agree on rates of the time specified - they are the charter members.
- Luxford - Fund should be able to object even to the existing rate.
- Hexner - Change Joint Statement to read - "When admitted to membership".
- De Iong - Need interim organization between Bretton Woods and Fund.
- White - Interim group impossible - would have to discuss matters of major importance to a country - would have to meet with an already created body - with the executive committee.

Hexner - Transactions in currencies - Committee thought Fund should not be bound to wait till cessation of hostilities.

Transaction in a particular currency - reference to III-5 - committee thought qualifications to III-5 should be included or exclude reference to III-5.

White - wonders why should name III-5 -- all the obligations must be adopted.

Basch - Wording of "Transitional Arrangement" flimsy differs from Joint Statement -

(Didn't get it) - exchange regulations - question as to IX-3 and X-2. Maintain and adopt exchange regulations. New governments must start with new regulations.

Luxford - This is a point. Must allow for it.

Basch - In progressive removal of exchange restriction - should give special priority to non-residents. Evidently de Long's point. White suggests leaving up to each country. Basch thinks controls shouldn't apply to new short-term credits.

Basch - Question of quotas - must say monetary discussions one part of agreements under Article VII.

White - Will be lots of questions to be settled in commercial policy arrangements.

Basch - Flimsy doesn't mention multilateral clearing - III-5 - committee wondered if this might reduce amount of currency a country can get from the Fund.

Istel - same discussed at length in our committee.

Basch - X-3 - now requires approval of Fund to retain controls after three years. Canada suggests postpone discussion till British representative here.

Basch - Reads X-4 of Joint Statement - says should apply to whole document. White agrees that it does. Put in at insistence of British - obvious.

Basch - If a country doesn't comply with III-5 and IX-3 will it have access to Fund - turns out he means under exception of III-5 or controls approved under IX-3.

White - Yes.

Committee 3

Monteros - Right of a group of members to call meeting of Board of Directors. All agree should have this right. Also wants provision about Board meetings in different places. All agree.

Monteros - 25 votes per country instead of 100.

Razminsky - What per cent is this of quota votes?
At present - 1/9 th says White.

White - Set it at 100 in early draft on basis of small Fund and small number of countries. May work out something.

Razminsky - How will voting take place in Executive Committee - reads Joint Statement - Will small countries have votes of all the countries not otherwise represented?

Monteros - reference to one vote for each million dollars - would like to express in a unit of account.

Monteros - flimsy intricate - will report later.

Smyrnov - asks to have this flimsy distributed to all.

Committee 2

Razminsky

7 b) and 7 c). Reports Russian position on 7 b) not apply for five years to countries occupied or devastated. On 7 c) want to exclude newly mined gold for period of restoration. Others pointed out that a question of timing - that gold contributions pretty small.

No flimsy?

Scarce Currencies - evidently worked from Joint Statement.

Razminsky - Report on scarce currency might cause a raid on Fund. Fund should not be bound to issue a report - I guess it isn't in the flimsy.

White - Thinks Fund should decide whether should issue a preliminary report. Hexner wonders if could be confidential. White implies that doubtful. True that in flimsy must issue a report before or with rationing.

Razminsky - thinks representative of member country O. K.

Razminsky - Addition in flimsy of reference to IX-2 in connection with rationing scarce currency. Somebody thought should have been IX-3. White says no, must be IX-2.

Razminsky - VI-2.

On "due regard to relative needs of members etc." Substituted for equitable because equitable implied some sort of equality or formula.

Istel - would add "and such other considerations as the Fund may deem appropriate".

Razminsky - Can Fund acquire a scarce currency from a third member country? U. S. dollars scarce. Canada has ample supply.

Could the Fund buy U. S. dollars from Canada - how would Fund pay? No point in using gold - Canada would not want other currencies.

Perhaps Fund should be allowed to borrow. Americans argued that Fund should be passive - not increase holdings of U. S. dollars by borrowing from another country.

White seems to think Fund could suggest this -

Razminsky refers to III-3.

White doesn't think III-3 meant to exclude Fund action without consent of member concerned. Postpone till British get here.

Istel - says III-3 - unreal.

Fund no more passive in selling than buying. If Fund has Canadian dollars why not use those to buy U.S. dollars from Fund.

Razminsky - No reason to think only one currency will get scarce - could pay in Canadian dollars.

White - Canada wouldn't want to give up U.S. dollars. Where suggestion originates a matter of no significance.

Razminsky - Question of excluding country whose currency is being rationed from freedom to impose exchange controls. White says doesn't matter much.

Razminsky - On III-4 (a) - saying no member under any obligation to lend.

Razminsky - No need for this sentence - seems to indicate countries wouldn't agree to lend. White thinks merely emphasizes freedom.

Istel - Thinks reason why this added in a) is to indicate that not applicable to b). Makes obligation to buy gold more explicit.

White - Reason - Congress.

Razminsky - III-5

Cuba sells to Brazil - gets milreis - central bank of Cuba can ask Brazil for Cuban currency. Brazil must do it if it can get pesos from the Fund.

Why not let Cuba sell milreis directly to Fund? Americans said Brazil must take initiative.