

June 4, 1946

TO: National Advisory Council

FROM: E. G. Collado -- U. S. Executive Director, International Bank

SUBJECT: Report No. 2 Activities of International Bank through
May 16, 1946.

Meetings of the Board of Executive Directors

There have been four regular meetings on Tuesdays and Thursdays.

Temporary Organization

Since the United States has not been prepared to nominate a candidate for the Presidency of the Bank, elections have been postponed and the U. S. Executive Director has been continued as Temporary Chairman of the Board.

Staff and Organization

Little can be done with respect to overall organization and staffing, since these are the prerogative of the President. The Temporary Chairman, under authority from the Board, has proceeded to employ on a temporary basis two administrative officers on leave without pay from the State and Treasury Departments, and on a permanent basis five secretaries and one messenger.

Space and Equipment

The tenth floor of 1818 H Street has now been fully cleared and painted, and a necessary minimum of furniture and office equipment and telephones procured and installed. By Monday preliminary housing arrangements will have been completed.

Administrative Arrangements

A Committee on Administration has been established which has developed provisional administrative arrangements, which have been approved by the Board, in connection with selection of personnel, skeleton staff, salaries, handling of bank accounts, and so forth. It is working closely with the Fund to secure parallel action. It is now considering the problems of handling taxes on the salaries of Bank Directors and Staff, and the proposed contract with the President.

Liaison

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Procedures of the Board

The Board has provisionally adopted provisional regulations (copy attached) which it is now coordinating with the Fund.

Liaison with other International Bodies

The Board has adopted a report of a Committee on Liaison and made arrangements to confer with the Fund on liaison between the two institutions and, together with the Fund, to confer with the Economic and Social Council.

Applications for Membership

Although the Board has established a Committee on Applications for Membership, no progress has as yet been made inasmuch as the Fund has not been ready to take up the four applications (Syria, Lebanon, Turkey and Italy) before the two institutions. The U. S. Executive Director has requested instructions in this matter. (Request for Policy Guidance No. 1)

Other Resolutions Adopted

The Board has adopted the following formal resolutions:

Resolution No. 1

The Executive Directors of the International Bank for Reconstruction and Development, meeting for the first time in the city of Washington, resolve to send their greetings to the President of the United States and to express their gratitude to the Government of the United States for the excellent cooperation that it has given to the establishment of the Bank.

Resolution No. 2

The Executive Directors of the International Bank for Reconstruction and Development, meeting for the first time, pause to render tribute to Lord Keynes who so greatly contributed to its conception and establishment, and hope that this institution will stand as a living memorial to his life and ideals. They extend their deepest and heartfelt sympathy to Lady Keynes and to his country.

regular

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Resolution No. 3

Resolved:

That Article V, Sections 4(b)1 and 4(d) of Articles of Agreement be interpreted to mean that any member having one of the five largest subscriptions at the date of a regular election or at any date between regular elections shall be entitled to appoint an Executive Director who shall hold office until the next regular election without prejudice to the right of a subsequently admitted member to appoint a Director if it has one of the five largest subscriptions.

Public Relations

The U. S. Executive Director, as Temporary Chairman, has been charged with public relations pending the election of the President, and has met three times with the press.

Policy Discussions

The Board has had one preliminary discussion in formal session of the problems of marketing securities of the Bank, as well as a number of informal discussions of this and other policy issues. The Canadian member, Mr. Bryce, has submitted the attached memorandum on obstacles to the marketing of securities in Canada, and is now in Ottawa discussing possible legislation to remove these impediments.

The U. S. Executive Director has submitted the attached proposal for organization of committees on policy issues which will be discussed by the Board on May 21.

General Impression

The general impression to be gained from the first ten days of work of the Executive Directors is very favorable. The Board is alert, intelligent, cooperative, and willing and desiring to work. I believe that the Bank can be put into operation rather more quickly than many had earlier assumed.

Provisional Rules of Procedure
For Meetings of Executive Directors

Section 1

Definitions: As used in these Rules of Procedure and in other intra-Bank documents the terms "Board" or "Board of Executive Directors" shall be deemed to refer to the Executive Directors acting as a body pursuant to the Articles of Agreement. The use of the term "Board" as applied to the Board of Executive Directors shall be permissible provided it is not used in any context which will confuse the term so used with the Board of Governors of the Bank.

Section 2

Meetings

(a) Meetings of the Board shall be called:

1. By the Chairman as the business of the Bank may require.
2. At the request of any Executive Director.

The Secretary shall notify all Executive Directors and their Alternates of meetings ordinarily at least two work days in advance.

(b) A quorum for any meeting shall be a majority of the Executive Directors representing not less than one-half of the voting power.

(c) Meetings shall be open to attendance only by Executive Directors and their Alternates, the President and such members of the staff as he may designate, representatives of members appointed under Article V, Section 4(h) of the Articles of Agreement and such other persons as the Board may invite. A representative of the International Monetary Fund appointed under Section II of the By-laws may attend meetings under such arrangements as may be agreed upon with the Fund.

(d) The Board shall meet at the principal office of the Bank unless it decides that a particular meeting shall be held elsewhere.

(e) The Board

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(e) The Board in consultation with the President shall select one or more senior members of the staff of the Bank to act as Chairman in the absence of the President and the order in which they shall preside.

Section 3

Agenda

(a) The agenda for each meeting shall be prepared by the President or on his instructions. The agenda shall include any item requested by an Executive Director.

(b) The President shall give the Executive Directors reasonable notice of new items on the agenda. Consideration of any matter shall be postponed once for two days at the request of any Director.

(c) Any item of the agenda for a meeting, consideration of which has not been completed at that meeting, shall, unless the Executive Directors decide otherwise, be automatically included in the agenda of the next meeting.

Section 4

Voting

(a) The Chairman will ordinarily ascertain the sense of the meeting in lieu of a formal vote. Any Executive Director may however require a formal vote to be taken with votes cast as prescribed in Article V, Section 4(g) of the Articles of Agreement. Any Executive Director dissenting from the decision of the Board may require that his views be recorded in the minutes of the meeting.

(b) Unless otherwise expressly provided by the Board there shall be no formal voting in committees and subcommittees of the Board. The Chairman of the Committee or subcommittee shall determine the sense of the meeting (including alternative points of view) which shall be reported.

(c) The Chairman or Acting Chairman of the Board shall have no vote except a deciding vote in case of an equal division.

Section 5

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Section 5

Minutes

(a) Under the direction of the President, the Secretary shall be responsible for the preparation of a summary record of proceedings of the Executive Directors.

(b) Verbatim records will be taken only if an Executive Director requests that his remarks be taken down.

(c) Draft minutes will be circulated to all Executive Directors as quickly as possible after meetings. Such minutes will be formally approved by the Board at the next meeting.

Section 6

Publicity

(a) The proceedings of the Board are confidential and should not be published except where the Board decide to authorize the Chairman to arrange for suitable publicity in respect of particular decisions.

(b) The Chairman may at his discretion arrange to give to the Press a statement or to indicate verbally the gist of important decisions in respect of which the Board desires publicity.

Section 7

Amendments

These Provisional Rules and Regulations may be amended by the Board at any meeting provided at least five days' notice of the proposed amendment has been circulated to the Executive Directors.