

INTERNATIONAL MONETARY FUND
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
FIRST ANNUAL MEETING OF THE BOARDS OF GOVERNORS
STATEMENT FROM
INTERNATIONAL LABOUR OFFICE

The International Labor Organization has had great pleasure in accepting your invitation to be represented at the First Annual Meetings of the Boards of Governors of the International Monetary Fund and the International Bank for Reconstruction and Development. The I.L.O. has followed the establishment of the Fund and the Bank with a keen appreciation of their potential importance to industry and labor. It values the privilege of being represented at these meetings and trusts that this representation will be the beginning of a continuing and fruitful association between the Fund, the Bank and the I.L.O. If industry is to reach the highest productivity and labor the highest living standards that existing resources and techniques will permit, there must be a great expansion of international trade. The International Labor Conference has frequently indicated its awareness of the extent to which international trade and full employment are dependent on a well adjusted and stable structure of exchange rates and its deep concern with the need for speedy reconstruction of areas impoverished by the war and with the special problems of the under-developed regions of the world. If working conditions and living standards are to be raised with reasonable speed the capital equipment of these regions must be improved and developed a great deal more rapidly than even the most strenuous efforts of the countries concerned can achieve unaided. The declaration of Philadelphia has pledged the full cooperation of the International Labor Organization in this great task entrusted to the Fund and the Bank. Through the representative membership of the International Labor Conference and the governing body, the International Labor Organization can help to focus the attention of industrial and labor organizations throughout the world on the purposes and work of the Fund and the Bank, and you may be sure that the International Labor Office will at all times be glad to render any technical assistance in its power, particularly in supplying information on labor and social questions and in the consideration of any problems of labor and social policy which may arise in the course of the work of the Fund and the Bank.

EDWARD J. PHELAN
DIRECTOR
INTERNATIONAL LABOR OFFICE

INTERNATIONAL MONETARY FUND
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FIRST ANNUAL MEETING OF THE BOARDS OF GOVERNORS
STATEMENT FROM PROVISIONAL
INTERNATIONAL CIVIL AVIATION ORGANIZATION

Dear Mr. Chairman:

I have first to thank you and the Boards of Governors of the International Monetary Fund and the International Bank for Reconstruction and Development for your kind invitation to the Provisional International Civil Aviation Organization to be represented at the first annual meeting of the two Boards. Our organization is appreciative of this honour and regards this as the beginning of a fruitful relationship in practical cooperation between our respective agencies.

Both the Fund and the Bank are still in the organization stage and some time may elapse before they commence actual operations. Nevertheless, it may not be premature to refer in general terms to the line of cooperation which might usefully be opened to PICAO on the one hand and to the International Bank on the other.

It seems to us in PICAO that the development of an economically sound and well-ordered program of international civil air transport offers one of the keys to a new era of beneficial intercourse among the nations. But a great deal of construction must be undertaken to realize this program. Many of the airports and air navigation facilities that once served civil aviation were destroyed during the war, others in operation must be improved to keep pace with the advances in aeronautical science and the increase in air traffic, and still others remain to be built.

While the Interim Agreement and the Convention on International Civil Aviation contain provisions whereby our Organization may assist states in constructing aviation facilities there is considerable doubt regarding the wisdom of an organization such as ours assuming the role of banker in addition to its other manifold and heavy tasks. To the extent that loans to states for the provision of airports and air navigation facilities required by international civil aviation can be considered productive investments, they would in our judgment be more suitably financed by an institution such as the International Bank. In such cases, PICAO would be prepared to assist the Bank by placing at its disposal aviation technicians, economists, and other experts capable of making objective evaluations of any requests for loans of this type in terms of the needs of international air transport.

I take this opportunity to extend to the Governors of the Bank and the Fund the best wishes of the Interim Council of the Provisional International Civil Aviation Organization for the successful achievement of the far-reaching aims that have been set before your organizations.

Sincerely yours,

Dr. F. H. Copes van Hasselt,
Acting President,
Interim Council
Provisional International
Civil Aviation Organization.

Mr. John W. Snyder,
Chairman of the Boards of Governors
Washington, D. C.

INTERNATIONAL MONETARY FUND

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

FIRST ANNUAL MEETING OF THE BOARD OF GOVERNORS

Statement by the Honorable Fiorello H. LaGuardia
Director General of the United Nations Relief and
Rehabilitation Administration

I am happy to be able to express the views of the United Nations Relief and Rehabilitation Administration on the significant work of the World Bank and the International Fund as it affects the tasks so far performed by UNRRA. Before I do so I want to express appreciation for the praising remarks on the work of UNRRA contained in the Reports by the Executive Directors of the Bank and the Executive Directors of the Fund.

The United Nations have set up different agencies for the different functions which they have to perform. The functions of UNRRA are quite different from those of the Bank and the Fund. As the Fund's Report clearly states "The Fund will not serve as a relief agency like UNRRA; it cannot give foreign exchange away". The Fund, I understand, can only meet temporary deficits in the balance of payments position of its member countries. The Bank too is not set up to lend for relief purposes or for imports in general; its function is to make loans for reconstruction or development problems.

But if our respective functions are separate, they are also intimately connected. By doing its work of relief and rehabilitation UNRRA has gone a long way in preparing the way for the operations of the Fund and the Bank. Without the magnanimous effort of the United Nations in providing large scale relief the economies of the countries which received this relief would not be safe borrowing risks. But UNRRA could not, with its limited terms of reference and its limited funds, actually restore to any large extent the unparalleled destruction of capital brought about by the war. To restore this capital, reconstruction loans will be necessary. Without such loans the level of production in these countries will remain desperately low and the need for relief may be protracted for years. It is a matter of the gravest concern to UNRRA that at a time when it is nearing the end of its activities, the United Nations agency designed to give reconstruction loans still has to start active operations. I appeal to the Bank to make its reconstruction loans as expeditiously as is humanly possible. If any assistance in the consideration of loans is required from UNRRA while its Missions are still in the field, I shall be happy to direct these Missions to put all their services, their personnel and their files at the disposal of the Bank.

At its Fifth Session in Geneva, the Council of UNRRA discussed the need for further relief assistance required after the termination of UNRRA operations by the end of this year and it recommended that the United Nations analyze the size of existing needs and the ability of countries to finance such needs, and make recommendations regarding the financial assistance that might be required and that cannot be met by existing agencies. I do not have to stress the fact that the adequate provision of relief where relief is still required is of paramount importance not only to the countries in need, but also to the world economic and political stability and to the very operations of the Fund and the Bank. The Social and Economic Council has been discussing this question this very week and studies as to the magnitudes

involved are under way. The entire question of relief needs in 1947 will be a major item on the agenda of the General Assembly of the United Nations which convenes on 23rd October. In order to enable us to foresee what needs cannot be met by existing agencies it will be necessary in the very near future to know what the Fund and the Bank can do in their respective spheres. I would hope that the Fund and the Bank will be able to devote immediate attention to this question in close cooperation with the appropriate agency of the United Nations. If the facilities which the Fund will put at the disposal of the countries now receiving relief from UNRRA are substantial and if the amounts the Bank can lend to these countries for reconstruction in 1946 and 1947 are large, that may greatly reduce the need for further relief. If, on the other hand, in the light of the constitutions and the resources of both agencies, the assistance they can render to these particular countries in the near future is relatively small that fact should be known.

With their large resources obtained from the United Nations the Fund and the Bank have a great opportunity and a great responsibility before them. Wise planning of the total activities of all United Nations agencies which in one way or another are authorized to render assistance to the countries devastated by war, requires knowledge well in advance of what each of these agencies can do in its respective field of operation.