

WORLD FUND and BANK Inaugural Meeting



March 12, 1946

REPORT OF THE COMMITTEE ON MEMBERSHIP TO THE BOARD OF GOVERNORS OF THE INTERNATIONAL MONETARY FUND

Reporting Delegates: Julián R. Cárceres, Honduras

Mr. President:

I have the honor of reporting to the Board of Governors on the work and conclusions of the Committee on Membership set up by the Boards of Governors at their plenary session of March 11, 1946. The Committee, under the energetic Chairmanship of M. Pierre Mendes-France (Governor of both the Fund and the Bank) representing France, has concluded its deliberations in two meetings, both held the morning of March 12, 1946.

The agenda of the committee was as follows:

- Item 1. Appointment of subcommittee to recommend quota for Denmark for Fund.
- Item 2. Consideration of establishment of a further period during which Bretton Woods participants, not at present members, may become members.
- Item 3. Consideration of provision in proposed By-laws covering application for membership by other countries.

The Committee on Membership convened at 10 a.m. on March 12, 1946, and immediately gave approval to the Chairman's suggestion that the Danish observers should be allowed to participate in the meeting. After some discussion it became apparent that such a technical matter as the Danish quota could be better handled by a smaller subcommittee, and, with the Committee's approval, France, Honduras, Netherlands, United Kingdom and United States were named members of the subcommittee.

The report of this subcommittee is attached as an exhibit to this report. It suggests the establishment by the Board of Governors of a quota for Denmark in the Fund of \$68 million. The Committee on Membership approves this suggestion and recommends to the Board of Governors of the Fund that the figure of \$68 million be approved as Denmark's quota.

In connection

In connection with Item 2 of the agenda--the establishment of a further period during which Bretton Woods participants, not at present members, may become members,--the U. S. delegate presented for consideration the following resolution:

"THE BOARD OF GOVERNORS OF THE INTERNATIONAL MONETARY FUND RESOLVES:

That membership in the International Monetary Fund is approved under Article II, Section 2 of the Articles of Agreement for all countries listed in Schedule A whose governments accept membership in accordance with the provisions of Article XX during the period of six months following the date of this resolution."

After some discussion this resolution was approved and its acceptance by the Board of Governors is recommended.

In the course of the discussion on this item, a most important question was brought up. The delegate for India asked for a clarification of the situation that would arise consequent on the adoption of the resolution. If a country with a quota entitling it to an ex-officio executive director under Section 3(b) of Article XII were to become a member within the extended period, but after the election of the Executive Directors, what would be the position of that country and of the country which already had an ex-officio director and which had the smallest quota of the Ex-officio Directors?

The Committee feels that the question raised by the delegate for India is an important one, but does not believe that it is one lying within its province to decide. Accordingly the Committee recommends that the Board of Governors give consideration to this problem.

Item 3 of the agenda involved consideration of a paragraph of the proposed By-laws having to do with applications for membership from other countries (Fund Document Number 6). This item was referred to the Subcommittee above mentioned. Upon receipt of the Subcommittee's report, the following was agreed upon:

"Subject to any special provisions that may be made for countries listed in Schedule A of the Articles of Agreement, any country may apply for membership in the Fund by filing with the Fund an application setting forth all relevant facts.

"When submitting an application to the Board of Governors, the Executive Directors after consultation with the applicant country shall recommend to the Board the amount of the quota, the form of payment, the parity of the currency, conditions regarding exchange restrictions, and such other conditions as, in the opinion of the Executive Directors, the Board of Governors may wish to prescribe."

Approval

Approval by the Board of Governors of this section of the By-laws of the Fund is recommended. It is also recommended that the Board approve the use of mail or telegraph in polling Governors of the Fund on application for membership.

This concludes the report on the work of the Committee on Membership of the Fund.

EXHIBIT

EXHIBIT

REPORT OF THE MEETING OF THE SUBCOMMITTEE TO THE
COMMITTEE ON MEMBERSHIP OF THE
INTERNATIONAL MONETARY FUND

March 12, 1946

The Subcommittee of the Committee on Membership met at 11:05 to consider the question of the quota for Denmark and the proposed revision of the By-laws covering membership in the Fund.

Representatives from France, Honduras, Netherlands, United Kingdom and the United States were present, the representative from France in the Chair.

After a short discussion of the financial and economic data presented, a figure of \$68 million was agreed upon as a quota for Denmark for the Fund.

The Danish observers accepted the \$68 million figure as applicable both to their quota for the Fund and their subscription to the Bank.

The Subcommittee then considered and agreed upon a modification of the proposed By-law on membership in the Fund as follows:

After the words "Executive Director" in Paragraph 2, the words "after consultation with the applicant country" shall be inserted. After the word "regarding" the words "the removal of" were deleted.

The paragraph now reads as follows:

"When submitting an application to the Board of Governors, the Executive Directors after consultation with the applicant country shall recommend to the Board the amount of the quota, the form of payment, the parity of the currency, conditions regarding exchange restrictions, and such other conditions as, in the opinion of the Executive Directors, the Board of Governors may wish to prescribe."

There being no further business, the meeting of the Subcommittee was adjourned at 11:40.

March 12, 1946.

Gordon Williams
Secretary