



# WORLD FUND and BANK Inaugural Meeting



CORRIGENDUM FOR FUND DOCUMENT 12

(Minutes of Meeting of the Board of Governors)  
of the Fund, March 13, 1946, 12:15 p.m.)

Page 2 of Fund Document 12 should be corrected to show the name of the Governor for Poland as Mr. Drozniak rather than Mr. Konderski.

# WORLD FUND and BANK Inaugural Meeting



MEETING OF THE BOARD OF GOVERNORS  
of the  
INTERNATIONAL MONETARY FUND  
Held in Savannah, Georgia  
on  
March 13, 1946, 12:15 p.m.

MR. VINSON: Gentlemen, on behalf of the Board of Governors, I want to welcome to the Meeting the Governor of the Fund for Yugoslavia, Governor Dolinsek. The Chair recognizes the Governor for Yugoslavia.

MR. DOLINSEK: Mr. Chairman, Governors, Gentlemen. It is my honor to greet this meeting of the Board of Governors of the International Bank for Reconstruction and Development for whose establishment and development the representatives of many countries from all parts of the world gather.

The Delegation from the Republic of Yugoslavia regrets, and I personally regret, that we could not attend the opening of the Conference and that we could not hear the greetings directed to the Conference by President Truman, Mr. Vinson and the representatives of other countries.

Our arrival was considerably delayed by transportation difficulties and by climatic disturbances, but we shall do our utmost through our participation in the remainder of the Conference to see that the Conference fulfills the tasks which are now before it.

Thank you.

MR. VINSON: The Board is very happy that you are with us, Governor Dolinsek.

I recognize the Governor for Honduras, the Reporting Delegate of the Committee on Membership.

MR. CACERES: (Read Report of Committee on Membership. See Fund Doc. 8.)

MR. VINSON: Gentlemen, you have heard the report of the Committee on Membership.

The report is before the Board for consideration.

OBSERVER FROM EL SALVADOR: Mr. Chairman, may I as an Observer make some remarks?

MR. VINSON: The Observer from El Salvador.

OBSERVER FROM EL SALVADOR: I want to ask clarification on a very specific point, which is the following: The proposition presented by the Report of the Membership Committee to the effect that a term of six months should be given for countries listed in Schedule A to apply for admission to the Fund and to the Bank. I want to ask whether the nations which participated in the Bretton Woods Conference and which will adhere to the Bank and to the Fund during this term of six months will be considered as original members or not?

MR. VINSON: They will have the privileges of the original members.

OBSERVER FROM EL SALVADOR: I thank you.

MR. VINSON: Is there any further discussion with reference to the report of the Committee on Membership?

The Delegate from Czechoslovakia.

MR. MLADEK: Mr. Chairman, I am asking what was the basis for establishing a limit of just six months. It seems to bear no relation to economic developments in the world which might influence the decisions of the potential members. I wonder whether it would not be wise either to extend these limits or to tie them up to some economic events of international bearing, such as the International Trade Conference, which may disclose more clearly to everybody what the whole setup of the organization is going to be.

MR. VINSON: The Governor from Poland.

MR. KONDERSKI: I second the motion of the Czechoslovakian Delegate.

MR. VINSON: The Governor from Yugoslavia.

MR. DOLINSEK: We support the view of the Czechoslovakian Delegation.

MR. VINSON: In view of no further discussion, amendment or alternate proposal, shall we proceed to consider the proposal of the Governor from Czechoslovakia as an amendment to the Committee report? If so, we will vote on the proposal of the Governor from Czechoslovakia as an amendment to the Committee report.

The question is whether the report should be amended so that instead of six months during which application for membership may be presented, the period should be extended to the end of the calendar year 1946.

It is suggested that the procedure might well be to refer the amendment back to the Committee on Membership for their consideration. If there is no objection to that, we will take that course.

MR. MENDES-FRANCE: Mr. Chairman, I suggest to help to save time that if the Board of Governors is willing we should accept the report from the Reporting Delegate of the Membership Committee except, of course, the proposal which has to be studied because it was sent back to the Committee after a proposal from the Czechoslovakian Delegate. So, if it is the will of the Board, the report could be accepted and enter into force. For example, it would be very advisable for the Danish question, which has a kind of urgency. And then the Committee on Membership will only handle the question which comes from the Czechoslovakian Delegate.

MR. VINSON: Is there objection to the suggestion of the Governor for France in that respect?

(None voiced.)

MR. VINSON: The question occurs on the report of the Committee on Membership. Those favoring the report will signify by saying "Aye."

(Ayes.)

Contrary, "No."

(None.)

The "Ayes" have it and the report is adopted except as it affects the motion of the Governor for Czechoslovakia.

OBSERVER FROM DENMARK: Mr. President, I should like on behalf of the Danish Government to thank the Board of Governors for having accepted the Danish quota as quickly as they have done and in such a satisfying manner for Denmark. I hope it will be possible in a few days for Denmark to sign the final documents for membership in the Fund. Thank you.

MR. VINSON: The Chair recognizes the Secretary General.

MR. KELCHNER: Mr. Chairman, I have to report the receipt of a communication from the Department of State of the United States transmitting on behalf of the Government of Lebanon an application for membership to the Bank and the Fund. The application was in the form of a letter signed by the Prime Minister of Lebanon and delivered to the United States Delegation at Beirut. I assume that you do not wish to have the communication read at this time.

I have also to report the receipt of a communication from the Department of State of the United States transmitting on behalf of the Government of Italy an application for membership in the Bank and the Fund.

I also have to report the receipt of a third communication from the Department of State of the United States transmitting on behalf of the Government of Syria an application for membership in the Fund and the Bank.

MR. VINSON: The Governor from the United States of America!

MR. CLAYTON: Mr. Chairman and Governors. The United States Government is pleased to support the applications from Syria, Lebanon and Italy for membership in the International Monetary Fund and the International Bank for Reconstruction and Development. We assume, however, that it will not be appropriate to attempt to take definitive action on these applications at this Meeting of the Board of Governors due to the necessity for working out certain technical problems of quotas and subscriptions and other terms and conditions under which members are received or applications are passed upon, and we suggest that the matter be handled in accordance with the Report of the Committee on Membership.

MR. VINSON: Is there objection to the suggestion?

(None voiced.)

If not the applications will be handled in accordance with the Report of the Committee on Membership.

MR. VINSON: The Governor from India.

SIR A. RAMASWAMI MUDALIAR: Mr. Chairman, the report of the Membership Committee refers to a point raised by the Indian Delegation at this Committee, and it is an important point on which I should like to have the views of the Board of Governors. I do not want any uncertainty for my country at any future stage. The whole point is, what becomes of a country which now has an appointed member on the strength of its quota but which may find itself elbowed out, arithmetically speaking, when a country with a higher subscription and therefore entitled to an appointed member enters the Fund? The six months extends the period which was originally fixed for the 1st of January, 1946 for the countries to come in.

Now, it is obvious, according to my reading of the situation, that under the strict law of this Agreement the new member, if it has a higher quota entitling it to an appointed director, gets into the executive directors by appointing one, in which case the number will have either to be raised to six or the old member will have no representation.

I would also like to point out one other difference between the Fund and the Bank. In the Fund there is no time limit for the appointed directors; there is a time limit to the elected directors. The two-year period refers to elected directors, but there is no such provision for the appointed directors. So far as the Bank is concerned there is provision of two years for all the directors whether they are appointed or elected, so that at the end of the two years the whole process has to be gone through of appointment and election. It seems to me, therefore, with reference to the Fund at least, the position of the old member should be safeguarded, probably by increasing the number of appointed directors to six if that eventuality arises. In the case of the Bank it is necessary to insure that the appointed director is to serve for a minimum period of two years.

At any rate, at the present we are concerned with this report which has been adopted extending the period for the original members by six months. If the eventuality that we contemplate arises the Board of Governors must consider it now and not leave in an uncertain state, during that period and at the time when the eventuality arises, what happens. Mr. Chairman, the Board of Governors will only meet once a year and the matter cannot be left in a position of uncertainty, unless there is a special Board meeting convened at the time.

Therefore, I would respectfully suggest to this meeting of the Board of Governors that this is the stage at which this point may be considered.

MR. VINSON: The Governor for the United Kingdom.

LORD KEYNES: I would like to support the proposal of the Governor for India that the particular matter raised by this Committee and not disposed of should be referred to an ad hoc committee.

MR. VINSON: The Governor from the United States of America.

MR. CLAYTON: The United States takes pleasure in supporting the suggestion of the Governor from India that an ad hoc committee should be appointed to consider the very important problem which he has raised.

MR. VINSON: Is there objection to the motion of the Governor for India?

(None.)

The Chair hears none and an ad hoc committee will be appointed.

I now recognize the Governor for Mexico.

MR. MONTEROS: Mr. Chairman, Governors. Your executive committee met this morning and after careful deliberation it has asked me to present for your consideration the following resolution:

"The Board of Governors of the International Monetary Fund resolves that Procedures Committee of twelve Governors be constituted, consisting of those governors who were appointed members of the Executive Committee of the Board at this meeting of the Board to be available after the termination of this meeting and until the next annual meeting of the Board for consultation at the discretion of the Chairman, normally by correspondence and also, if occasion required, by convening immediately before the annual meeting of the Board."

Your Executive Committee has found it necessary, inasmuch as there is no previous experience, that a Procedures Committee, a committee to deal exclusively with procedural matters, should be available to consult with the Chairman of the Board of the Fund.

MR. VINSON: I am certain that the Governors will bear the Chair out in his present assertion that when the matter of the appointment of the Executive Committee was presented to the

Board it was clearly stated that it was to be a procedural committee. The name "Executive Committee," in the minds of some, initially members of the Press, was thought to conflict with the powers and functions of the Executive Directors. There is no thought in the mind of anyone associated with the creation of the Executive Committee that there would be any impingement upon any power, function or responsibility of the Executive Directors. Everybody seems to be perfectly happy in the suggestion that the name of the Executive Committee be changed to "Procedures Committee", or, technically in regard to the resolution itself, that the Board create a Procedures Committee to be composed of the Governors from the same countries that constituted the Executive Committee, and that it should be a committee that would continue until the next annual meeting of the Board.

Is there further discussion on that?

(None.)

You have heard the motion of the Governor for Mexico. Those favoring the motion will signify by saying "Aye."

(Ayes.)

Contrary "No."

(None.)

The "Ayes" have it and the resolution is agreed to.

The meeting is adjourned.

(Thereupon, at 12:57 o'clock p.m., March 13, 1946, the meeting of the Board of Governors was adjourned.)