



# WORLD FUND and BANK Inaugural Meeting



REPORT OF THE AD HOC COMMITTEE  
INTERNATIONAL MONETARY FUND

Gordon Williams, Secretary and Reporter

Mr. President:

The Ad Hoc Committee appointed by the Board of Governors of the Fund to consider the motion made by the delegate for India at the Plenary session of March 13, 1946, met at 2 p.m. on March 14, 1946. The members present were: United Kingdom (in the chair), Czechoslovakia, France, India, and the United States.

The question discussed was: what steps could be taken to protect the position of India, now entitled to appoint an Executive Director, if a Schedule A country with a larger quota than India should become a member prior to the second election of Executive Directors.

It was recognized by the committee that the difficulty now before it arose simply through inadequate foresight in drafting the Articles of Agreement, and was not directly a result of the resolution introduced to the Board by the Membership Committee on March 13, 1946.

In view of the inconsistency between Secs. 3(b)(1) and 3(f) of Article XII, suggestion was made that Section 3(b)(1) of Article XII be interpreted to mean that any member having one of the five largest quotas 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. This interpretation would be without prejudice to the right of a subsequently admitted member to appoint a director if it has one of the five largest quotas.

Another suggestion was the following proposed resolution:

The Board of Governors of the International Monetary Fund

RESOLVES:

There shall be one additional Executive Director who shall hold office until the second election of Executive Directors if, at any time before the second election, both of the following conditions exist:

1. There have been admitted to membership the governments of one or more countries not listed on Schedule A; and

2. The members



2. The members not entitled to appoint Executive Directors, whose votes are not included in those entitled to be cast by Executive Directors holding office at the time the additional director is elected, have votes totalling 4,000.

Those members not entitled to appoint directors, whose votes are not included in those entitled to be cast by directors holding office at the time the additional director is to be elected, shall participate in the election. Each governor participating shall cast for one person all of the votes to which he is entitled, and a simple majority of the votes cast shall constitute election, but the director elected shall be deemed to be elected by all of the members eligible to participate. If no one receives a majority of the votes cast on the first ballot, additional ballots shall be held, and the candidate who received the lowest number of votes on the preceding ballot shall be ineligible for election.

This resolution was agreed upon and the Committee further recommends that, if, in spite of the foregoing resolution, a member now included in the five members having the largest quotas were to be placed in the position where it might be represented, neither by an appointed nor by an elected director until the next regular election, the Executive Directors should immediately reconsider the position, with the object of preventing such a situation from eventuating, either by an interpretation in accordance with Article XVIII of the Articles of Agreement or otherwise.

This concludes the report of the Ad Hoc Committee on the Indian motion.