

WORLD FUND and BANK Inaugural Meeting



MEETING OF THE BOARD OF GOVERNORS
OF THE
INTERNATIONAL MONETARY FUND

Held in Savannah, Georgia
on
March 18, 1946, 11:10 a.m.

MR. VINSON (CHAIRMAN): The meeting will come to order and proceed to the election of the Fund Directorship. The Chair appoints the Governor for India and the Governor for Panama as tellers. They will proceed to the front chairs, please.

All those who are not officially accredited will kindly retire from the hall. The Chairman inquires whether there is any additional nomination to be presented for an Executive Director of the Fund. None are presented. The Chair requests the Temporary Secretary to read the list of candidates for the Fund Directorship.

MR. HORNE: Mr. Gomez, Mexico; Mr. Bruins, Netherlands; Mr. Rasminsky, Canada; Mr. Gutt, Belgium; Mr. Mladek, Czechoslovakia; and Mr. Zaki Bey Saad, Egypt.

MR. VINSON: The ballots will be distributed. The first ballot will be distributed. The election of Executive Directors of the Fund will be participated in by all the Governors except those representing the five members with the largest quotas. There will be two elections. First,--this is a general statement in regard to elections--first, the election of five Directors of the Fund in which all Governors except those from Latin America will vote. Second, the election of two Latin American Directors of the Fund. The ballots will be passed out by the Secretary separately and only one will be handed to a Governor eligible to vote. They shall be filled out carefully.

Section 5 of the report of the Ad Hoc Committee on Election Procedures for Executive Directors reads as follows:

"It was agreed that the Fund elections should precede the Bank election. The first ballot at the Fund elections should be simultaneous balloting of all the Governors entitled to participate in the election of 5 directors under Article XII, Section 3(b) (iii) and all of the American Republics entitled to vote in the election of two Directors under Article XII, Section 3(b) (iv). The balloting for the five directors of the Fund should then be concluded before any further ballots are taken by the two Directors to be elected by the American Republics."

The Chairman will request the Temporary Secretary to call the roll of eligible Governors. As each Governor's name or his country is called, he should deposit his ballot in the ballot box.

SECRETARY (Mr. Horne): Belgium, Canada, Czechoslovakia, Egypt, Ethiopia, Greece, Iceland, Iran, Iraq, Luxembourg, Netherlands, Norway, Philippine Commonwealth, Poland, Union of South Africa, Yugoslavia, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay.

(As the name of each country was called, the Governor representing the country deposited his ballot in the box.)

TELLER (Panama):

Mr. Thor Thors for Iceland, 260 votes for Mr. Rasminsky of Canada.

Mr. Jahn of Norway, 750 votes for Mr. Rasminsky of Canada.

Mr. de Jong of Netherlands, 3000 votes for Mr. Bruins of Netherlands.

Mr. Foley of Philippine Commonwealth, 400 votes for Mr. Ahmed Zaki Bey Saad of Egypt.

Mr. de Kock of Union of South Africa, 1250 votes for Mr. Bruins of Netherlands.

Mr. Dolinsek of Yugoslavia, 850 votes for Mr. Mladek of Czechoslovakia.

Mr. Franklin Antezana Paz of Bolivia, 350 votes for Mr. dos Sanyos-Filho of Brazil.

Mr. Hector David Castro, El Salvador, 275 votes for Rodrigo Gomez of Mexico.

Pena Morua of Costa Rica, 300 votes for Rodrigo Gomez of Mexico.

Juan Jose Vallarino, of Panama, 255 votes for Mr. dos Santos-Filho of Brazil.

Manuel Noriega Morales, Guatemala, 300 votes for Rodrigo Gomez of Mexico.

Ruben Benitez of Paraguay, 270 votes for Alves dos Santos-Filho of Brazil.

Taghi Nassr of Iran, 500 votes for Ahmed Zaki Bey Saad of Egypt.

Julius Pazman, Czechoslovakia, 1500 votes for Mladek of Czechoslovakia.

Graham F. Towers, Canada, 3250 votes for Rasminsky of Canada.

Hugues Le Gallais, Luxembourg, 350 votes for Mr. Gutt of Belgium.

Esteban F. Carbo, Ecuador, 300 votes for Alves dos Santos-Filho of Brazil.

Joaquin E. Meyer

Joaquin E. Meyer, Cuba, 750 votes for Rodrigo Gomez of Mexico.

Jose Calzada, Dominican Republic, 300 votes for Rodrigo Gomez of Mexico.

Francisco Alves dos Santos-Filho, Brazil, 1750 votes for Alves dos Santos-Filho of Brazil.

Arturo Maschke, Chile, 750 votes for Francisco Alves dos Santos-Filho of Brazil.

Hugo Garcia, Uruguay, 400 votes for dos Santos-Filho of Brazil.

Emilio Barreto, Peru, 500 votes for dos Santos-Filho of Brazil.

Gailani, Iraq, 330 votes for Ahmed Zaki Bey Saad of Egypt.

Emilio Toro of Colombia, 750 votes for Rodrigo Gomez of Mexico.

Guillermo Sevilla Sacasa, Nicaragua, 270 votes for Rodrigo Gomez of Mexico.

Antonio Espinosa de los Monteros, Mexico, 1150 votes for Rodrigo Gomez of Mexico.

Julian R. Caceres, Honduras, 275 votes for Rodrigo Gomez of Mexico.

Xenophon Zolotas, Greece, 650 votes for Ahmed Zaki Bey Saad of Egypt.

* Edward Drozniak of Poland, 1500 votes for Mladek, Jan Viktor, of Czechoslovakia.

Ahmed Zaki Bey Saad of Egypt, 700 votes for Ahmed Zaki Bey of Egypt.

Maurice Frere of Belgium, 2500 votes for Camille Gutt of Belgium.

Mr. Blowers of Ethiopia, 310 votes for Ahmed Zaki Bey Saad of Egypt.

Mr. Chairman, that is all.

MR. VINSON: The meeting will recess subject to the call of the Chair.

The tabulation will soon take place and the announcement of results will then be forthcoming.

(Eight minute recess.)

MR. VINSON: The meeting will come to order. The Chair announces the number of votes received by each nominee.

Bruins

Bruins, 4,250; Rasminsky, 4,260; Gutt, 2,850; Mladek, 3,850, Saad, 2,890.

The Chair announces the election of Mr. Bruins, Mr. Rasminsky, and Mr. Mladek. The countries voting for Mr. Bruins are the Netherlands, 3,000 votes; Union of South Africa, 1,250 votes. For Mr. Rasminsky, Canada, 3,250; Iceland, 260; Norway, 750. For Mladek, Czechoslovakia, 1,500; Poland, 1,500; Yugoslavia, 850. For Mr. Saad of Egypt, 700 by Egypt; Ethiopia, 310; Greece, 650; Iran, 500; Iraq, 330; Philippine Commonwealth, 400. Is there any question as to the manner in which any country is reported or the total number of votes cast by that country? The Chair hears no question raised either as to the country or as to the vote cast by that country.

It will be necessary to ballot--to take a second ballot--on Mr. Gutt and Mr. Saad. Under Section 4 of Schedule C of the International Monetary Fund Agreement it is provided: "In determining whether the votes cast by a Governor are to be deemed to have raised the total of any person above 20 per cent of the eligible vote, the 20 per cent shall be deemed to include first, the votes of the Governor casting the largest number of votes for such person, then the votes of the Governor casting the next largest number, and so on until 20 per cent is reached." In the case of Mr. Rasminsky, who has been elected, he received 4,260 votes. That number of votes is more than 20 per cent of the total votes cast. In conformity with Section 4 of Schedule C in the election of Executive Directors for the International Monetary Fund Agreement, the vote of Iceland, 260, must be deducted from Mr. Rasminsky's total so that he will not have received more than 20 per cent. In the second ballot the following countries are eligible to vote--and only eligible to vote: Belgium, Luxembourg, Egypt, Ethiopia, Greece, Iran, Iraq, Philippine Commonwealth, and Iceland. The second ballot will be distributed to those eligible to cast ballots at this time.

I am told that the announcement of the result of the voting for the Latin American countries should be made prior to the second ballot. Mr. Gomez of Mexico and Mr. Santos-Filho of Brazil have been elected Executive Directors for the Fund. The Governors who voted for each elective candidate and the votes cast by them will now be read:

For Mr. Gomez:

Emilio Toro of Colombia, 750.

Pena-Morua, Costa Rica, 300.

Joaquín E. Meyer, Cuba, 750.

Jose Calzada, Dominican Republic, 300.

Hector David Castro, El Salvador, 275.

Manuel Noriega Morales, Guatemala, 300.

Julian Caceres, Honduras, 275.

Antonio

Antonio Espinosa de los Monteros, Mexico, 1,150.

Guillermo Sevilla Scasa, Nicaragua, 270.

That makes a total of 4,370 in all.

For Mr. dos Santos-Filho of Brazil:

Mr. Franklin Antezana Paz, Bolivia, 350.

Mr. Francisco Alves dos Santos-Filho, Brazil, 1,750.

Arturo Maschke, Chile, 750.

Esteban F. Carbo, Ecuador, 300.

Juan Jose Vallarino, Panama, 255.

Ruben Benitez, Paraguay, 270.

Emilio Barreto, Peru, 500.

This is a total of 4,575. Is there any question as to either the country or the amount of votes cast by that country in the election of the two Executive Directors for Latin America? There seems to be no question as to the countries voting and the votes announced for Mr. Gomez and Mr. dos Santos-Filho.

CHAIRMAN: The second ballot will be distributed to the Governors of countries eligible to participate in this ballot.

(Ballots were distributed.)

The Board will proceed to the second ballot.

SECRETARY (Mr. Horne): Belgium, Egypt, Ethiopia, Greece, Iceland, Iran, Iraq, Luxembourg, Philippine Commonwealth.

(As the name of each country was called, the Governor for the country deposited his vote in the ballot box.)

CHAIRMAN: The Tellers will proceed to announce the votes of the second ballot.

TELLER (Panama): Mr. Gailani of Iraq, 330 votes for Zaki Bey Saad of Egypt.

Mr. Le Gallais of Luxembourg, 350 votes for Mr. Gutt of Belgium.

Mr. Nassr of Iran, 500 votes for Ahmed Zaki Bey Saad of Egypt.

Mr. Thor Thors of Iceland, 260 votes for Mr. Gutt of Belgium.

Ahmed Zaki Bey Saad, no vote.

(The ballot was returned to Mr. Ahmed Zaki Bey Saad, who completed the ballot and returned it to the Teller.)

Ahmed Zaki Bey Saad

Ahmed Zaki Bey Saad, of Egypt, 700 votes for Ahmed Zaki Bey Saad of Egypt.

Mr. Zolotas of Greece, 650 votes for Ahmed Zaki Bey Saad of Egypt.

Mr. Blowers of Ethiopia, 310 votes for Ahmed Zaki Bey Saad, Egypt.

Mr. Foley of Philippine Commonwealth, 400 votes for Ahmed Zaki Bey Saad of Egypt.

Mr. Frere of Belgium, 2500 votes for Camille Gutt of Belgium.

That is all, Mr. Chairman.

CHAIRMAN: The result of the second ballot shows Mr. Gutt received 3,110 votes, Mr. Saad received 2,890, with Belgium casting 2500 votes for Mr. Gutt, Iceland, 260 votes for Mr. Gutt, Luxembourg 350 votes for Mr. Gutt. The following votes were cast for Mr. Saad: Egypt, 700; Ethiopia, 310; Greece, 650; Iran 500; Iraq 330; Philippine Commonwealth, 400. I will repeat, for Mr. Gutt 3,110, and for Mr. Saad, 2,890. Neither have been elected, under the rules of the Board, in that neither received 19 per cent of the total vote of the Board.

The meeting will stand in recess subject to the call of the Chair.

(Recess from 11:55 a.m. to 12:05 p.m.)

CHAIRMAN: We come to the third ballot. The third ballot will be distributed to the countries eligible to cast. It will be the same countries.

(Ballots were distributed.)

CHAIRMAN: The ballots will be cast.

SECRETARY (Mr. Horne): Belgium, Egypt, Ethiopia, Greece, Iceland, Iran, Iraq, Luxembourg, Philippine Commonwealth,

(As the name of each country was called, the Governor for the country deposited his vote in the ballot box.)

TELLER (Panama): Ahmed Zaki Bey Saad for Egypt, 700 votes for Ahmed Zaki Bey Saad of Egypt.

Thor Thors, Iceland, 260 votes for Mr. Gutt of Belgium.

Mr. Blowers of Ethiopia, 310 votes for Ahmed Zaki Bey Saad of Egypt.

Mr. Gailani, Iraq, 330 votes for Saad of Egypt.

Joseph Foley, Philippine Commonwealth, 400 votes for Ahmed Zaki Bey Saad of Egypt.

Le Gallais, Luxembourg, 350 votes for Camille Gutt of Belgium.

Mr. Nasr

Mr. Nassr, Iran, 500 votes for Ahmed Zaki Bey Saad of Egypt.

Mr. Zolotas of Greece, 650 votes for Zaki Bey Saad of Egypt.

Mr. Frere of Belgium, 2,500 votes for Camille Gutt of Belgium.

That is all, Mr. Chairman.

CHAIRMAN: The results of the third ballot remain the same as the votes cast for the respective candidates for the second ballot. Mr. Gutt received the votes of Belgium, 2500; Iceland, 260; Luxembourg, 350, or a total of 3,110. Mr. Saad of Egypt received from Iraq 330 votes; Iran 500, Egypt 700, Greece 650, Ethiopia 310, Philippine Commonwealth 400, or a total of 2890.

Is there any question as to the votes of the countries or the amount of the votes cast by the country? The Chair hears none.

Article XII, Section 3(b), (iii) stipulates that five Directors shall be elected by the members not entitled to appoint directors, other than the American Republics. Section (c) on the election of Executive Directors to the Fund stipulates that in Section 2 that no person who receives less than 19 per cent of the total number of votes that can be cast, eligible votes, shall be considered elected. We find ourselves in this position: Five persons have been nominated for election as Executive Directors of the Fund, that number that is specified in the Articles of Agreement. We find that neither of these two candidates has received 19 per cent of the total votes cast of those eligible to vote. In the report of the Ad Hoc Committee on Election Procedures for Executive Directors, adopted by this Board at its meeting of March 16, it is provided that, "If it is necessary in the course of the election to make interpretations of the voting provisions, it is the hope of the Committee that such interpretations will be made liberally for the purpose of achieving the intention of the framers of the Articles of Agreement and of the Governors."

Undoubtedly, it was the purpose of the Articles of Agreement to elect five Executive Directors. Five persons have been nominated and no more for the Executive Directorship of the Fund. The Chair would like to present for the consideration of the Board the course that should be pursued, the manner in which the interpretation that will permit an obvious thing to be done, namely, the election of Mr. Gutt and Mr. Saad as Executive Directors, there being no other nominee presented to the Board.

MR. CASTRO: The course that is given by our Chairman is perfectly correct, because whatever possibilities might be put into play, the two candidates could be elected. I am going to act in presenting one of those possibilities. Supposing that some of those Governors that voted for one of the two candidates should shift and vote for the other--what would then happen? It would naturally happen that the one that is to receive more votes would be elected without any doubt, the other candidate would be in the position of being elected by the remaining votes. There is not any other possibility that could happen. Therefore, the two would be elected even in the case of a shift of votes. I think it is unnecessary to try to obtain such a shift of votes,
and

and therefore I think that it would be interpreted that at any rate both candidates would be elected.

MR. VINSON: Without objection on the part of any member of the Board, the Chair is inclined to declare both Mr. Gutt and Mr. Saad elected. I said that the Chair was inclined to take that step, without objection. Is there objection? Is there objection to that interpretation that would permit the Chair to declare both Mr. Gutt and Mr. Saad elected as Executive Directors for the Fund? Is there objection? The Chair hears none and declares Mr. Gutt of Belgium and Mr. Saad of Egypt elected Executive Directors of the Fund.

The Chair now recognizes the Delegate, the Governor of Egypt, who is the Reporting Delegate of the Committee on Procedures:

MR. SAAD: I have the honor to present to the Boards of Governors three Resolutions which have been considered by the Committee on Procedures. The Resolutions read as follows: (See Fund Doc. Nos. 25, 26, and 29.)

Mr. Chairman, on behalf of the Procedures Committee, I move the adoption of Fund Resolutions Numbered 5, 6, and 7 by the Board of Governors.

MR. VINSON: The Board has heard the report of the Committee on Procedures. The Governor for Egypt moves the approval and adoption of the report. Is there discussion desired? The Chair hears none. The question is upon the adoption of the report of the Committee on Procedures. Those favoring the adoption signify by saying "Aye".

(Ayes.)

Contrary, "No".

(None.)

The Ayes have it and the report is adopted.

The meeting will be adjourned. (1:00 p.m.)