

5/23/45

"SAFEGUARDING" FUND PROPOSAL

The following new section will be added:

STABILIZATION OPERATIONS BY THE FUND

*Handwritten notes on left margin: "The Fund"*

Sec. 14. (a) The governor and executive director of the Fund appointed by the United States are hereby directed to obtain promptly an official interpretation by the Fund as to whether its authority to use its resources extends beyond current monetary stabilization operations in connection with seasonal, cyclical, and emergency fluctuations in the balance of payments of any member for current transactions.

*Handwritten notes on right margin: "to add and limit"*

(b) If the Fund interprets its powers to use its resources as extending beyond that defined in subsection (a) of this section, the governor of the Fund representing the United States is hereby directed to propose promptly and support an amendment to the Articles of Agreement for the purpose of explicitly limiting the authority of the Fund to that defined in subsection (a) of this section. The President is hereby authorized and directed to accept an amendment to that effect on behalf of the United States.

*Handwritten note: "as to whether"*

"Safeguarding" Fund Proposal

The following new section will be added:

5/23/45

Stabilization Operations By U Fund

Sec. 14. (a) The governor and executive director of the Fund appointed by the United States are hereby directed to obtain promptly an official interpretation by the Fund as to whether ~~the Fund interprets~~ its authority to use its resources <sup>extends</sup> ~~to extend~~ beyond current monetary stabilization operations in connection with seasonal, cyclical, and emergency fluctuations in the balance of payments of any member for current transactions.

(b) If the Fund interprets its <sup>power</sup> ~~authority~~ to use its resources as extending beyond that <sup>defined</sup> ~~prescribed~~ in subsection (a) of this section, the governor and ~~executive director~~ of the Fund representing the United States ~~are~~ <sup>is</sup> hereby directed to propose promptly and support an amendment to the Articles of Agreement for the purpose of explicitly limiting the authority of the Fund <sup>to that defined in subsection</sup> ~~in accord with subsection~~ (a) of this section. The President is hereby authorized and directed to accept <sup>an</sup> ~~such~~ amendment on behalf of the United States. (to that effect)

The gov & ex Dir of the Fund appointed by the US  
are hereby directed to promptly obtain an official  
interpretation by the Fund as to whether [its authority  
to provide funds extends beyond the] - The Fund may  
By Mr. Wolcott  
(To Safeguard the Fund)

Sec. \_\_\_\_ (a) [It is hereby declared that the Congress  
of the United States interprets the authority conferred on  
the Fund by the Articles of Agreement (1) as being limited  
to the ~~short-term~~ use [of] its resources for current monetary  
stabilization operations in connection with seasonal and  
emergency fluctuations in the balance of payments of any  
country ~~resulting from~~ current transactions, and (2) as not  
authorizing the Fund to use its resources for relief, re-  
construction ~~development~~ or long-term stabilization, or for  
a large or sustained outflow of capital. In order to avoid  
uncertainty and misunderstanding and to assure that the Fund's  
resources shall be employed in accordance with this inter-  
pretation, the governor and executive director of the Fund  
appointed by the United States are hereby directed to obtain  
promptly an official interpretation by the Fund of its  
authority with respect to the use of its resources.]

~~different~~ (b) If the Fund interprets its authority  
~~section, the governor [and executive director] of the Fund~~  
~~appointed by the United States are hereby directed to propose~~  
promptly and support an amendment to the Articles of Agreement  
for the purpose of explicitly limiting the authority of the  
Fund in accord with ~~the declared interpretation of the Congress.~~  
The President is hereby authorized and directed to accept  
such amendment on behalf of the United States.

To use its resources  
as extending

representing  
of the Fund

subsection (a) of the section