

**Selected Documents**

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**BOARD OF GOVERNORS  
INAUGURAL MEETING**

Savannah, Ga. March 8 to 18, 1946



**INTERNATIONAL MONETARY FUND**  
WASHINGTON, D. C. APRIL 1946

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*Preface*

The Inaugural Meeting of the Board of Governors of the International Monetary Fund and the International Bank for Reconstruction and Development was held at Savannah, Georgia, March 8 to 18, 1946. The more significant documents and actions that issued from the meeting, insofar as they relate to the Fund, are herewith reproduced. This publication does not purport to be an official document of the Fund, but rather an orderly arrangement of selected papers for the use of the officers and staff of the Fund.

ROMAN L. HORNE,  
*Temporary Secretary*  
*International Monetary Fund.*

## DIRECTORY

### Officers of the Board of Governors

Chairman: United States of America  
Vice Chairmen: China  
France  
India  
United Kingdom

### Committee on Procedures

Chairman: United States  
Vice Chairman: United Kingdom  
Reporting Member: Egypt  
Belgium  
Brazil  
Canada  
China  
France  
India  
Mexico  
Netherlands  
Poland

## Executive Directors

*Appointed Executive Directors*

		<i>Votes</i>
J. V. Joshi	India .....	4,250
Yee-Chun Koo	China .....	5,750
Pierre Mendes-France	France .....	4,750
Harry D. White	United States .....	27,750
	United Kingdom .....	13,250

*Elected Executive Directors*

G. W. J. Bruins	Netherlands .....	3,000
	Union of South Africa .....	1,250
		<u>4,250</u>
Rodrigo Gomez	Colombia .....	750
	Costa Rica .....	300
	Cuba .....	750
	Dominican Republic .....	300
	El Salvador .....	275
	Guatemala .....	300
	Honduras .....	275
	Mexico .....	1,150
	Nicaragua .....	270
		<u>4,370</u>
Camille Gutt	Belgium .....	2,500
	Iceland .....	260
	Luxembourg .....	350
		<u>3,110</u>
J. V. Mládek	Czechoslovakia .....	1,500
	Poland .....	1,500
	Yugoslavia .....	850
		<u>3,850</u>



Louis Rasminsky	Canada . . . . .	3,250
	Norway . . . . .	750
		<u>4,000</u>
Ahmed Zaki	Egypt . . . . .	700
Bey Saad	Ethiopia . . . . .	310
	Greece . . . . .	650
	Iran . . . . .	500
	Iraq . . . . .	330
	Philippine	
	Commonwealth . . . . .	400
		<u>2,890</u>
Francisco Alves	Bolivia . . . . .	350
dos Santos-Filho	Brazil . . . . .	1,750
	Chile . . . . .	750
	Ecuador . . . . .	300
	Panama . . . . .	255
	Paraguay . . . . .	270
	Peru . . . . .	500
	Uruguay . . . . .	400
		<u>4,575</u>

## BY-LAWS OF THE INTERNATIONAL MONETARY FUND

*As adopted by the Board of Governors at the sixth and the final sessions, March 16 and 18, 1946*

These By-Laws are adopted under the authority of, and are intended to be complementary to, the Articles of Agreement of the International Monetary Fund; and they shall be construed accordingly. In the event of a conflict between anything in these By-Laws and any provision or requirement of the Articles of Agreement, the Articles of Agreement shall prevail.

### SEC. 1. *Places of Business*

The principal office of the Fund shall be located within the metropolitan area of Washington, D. C., United States of America.

The Executive Directors may establish and maintain agencies or branch offices at any place in the territories of other members, whenever it is necessary to do so in order to facilitate the efficient conduct of the business of the Fund.

### SEC. 2. *Bank Represented*

The Executive Directors are authorized to invite the International Bank for Reconstruction and Development to send a representative of the Bank to meetings of the Board of Governors and Executive Directors who may participate in such meetings, but shall have no vote.

The Executive Directors are authorized to accept invitations from the Bank to send a representative of the Fund to participate in meetings of the Board of Governors or Executive Directors of the Bank.

### SEC. 3. *Notice of Meetings*

The Managing Director shall notify all members of any meeting of the Board of Governors.



Notice shall be sent to members by telegram or cable not less than six weeks prior to the date of any meeting, except that in urgent cases this period may be shortened to not less than 10 days.

#### SEC. 4. *Board Meetings at Members' Request*

Special meetings of the Board shall be called by the Directors whenever requested by five members or by members having one-quarter of the total voting power. Whenever any member requests the Executive Directors to call a special meeting of the Board, the Managing Director shall notify all members of the request together with the reasons assigned for such request.

#### SEC. 5. *Attendance of Executive Directors*

The Executive Directors may attend all meetings of the Board of Governors and may participate in such meetings but an Executive Director shall not be entitled to vote unless he is also a Governor or an Alternate or is designated as a temporary Alternate.

#### SEC. 6. *Agenda of Board Meetings*

The agenda for the meetings of the Board of Governors shall be prepared under the direction of the Executive Directors by the Managing Director and shall be transmitted simultaneously with the notice to the members required to be sent pursuant to Section 3.

Additional subjects may be placed upon the agenda by any Governor or under special circumstances by the Managing Director at the direction of the Executive Directors provided notice thereof shall have been given to the Fund in writing not less than 7 days prior to the date of the meeting. The Managing Director shall inform the members of any such additions to the agenda as soon as possible. The Board may authorize the placing of any matter upon the agenda even though the required notice shall not have been given.

### SEC. 7. *Election of Chairman and Vice Chairmen*

At each annual meeting the Board of Governors shall select a Governor to act as Chairman and at least two other Governors to act as Vice Chairmen until the next annual meeting.

In the absence of the Chairman the Vice Chairman designated by the Chairman shall act in his place.

### SEC. 8. *Secretary*

The Secretary of the Fund shall serve as Secretary of the Board of Governors.

### SEC. 9. *Minutes*

The Board shall keep a summary record of its proceedings which shall be available to all members and which shall be filed with the Executive Directors for their guidance.

### SEC. 10. *Report of Executive Directors*

The Executive Directors shall have prepared for presentation at the annual meeting of the Board of Governors an annual report in which shall be discussed the operations and policies of the Fund and which shall make recommendations to the Board of Governors on the problems confronting the Fund.

### SEC. 11. *Voting*

Except as otherwise specifically provided in the Articles of Agreement, all decisions of the Board shall be made by a majority of the votes cast. At any meeting the Chairman may ascertain the sense of the meeting in lieu of a formal vote but he shall require a formal vote upon the request of any Governor. Whenever a formal vote is required the written text of the motion shall be distributed to the voting members.

### SEC. 12. *Proxies*

No Governor or Alternate may vote at any meeting by proxy or by any other method than in person, but a member

may make provision for the designation of a temporary Alternate to vote for the Governor at any Board session at which the regularly designated Alternate is unable to be present.

#### SEC. 13. *Voting Without Meeting*

Whenever, in the judgment of the Executive Directors, any action by the Fund must be taken by the Board of Governors which should not be postponed until the next regular meeting of the Board and does not warrant the calling of a special meeting of the Board, the Executive Directors shall present to each member by any rapid means of communication a motion embodying the proposed action with a request for a vote by its Governor. Votes shall be cast during such period as the Executive Directors may prescribe, provided that no Governor shall vote on any such motion until 7 days after despatch of the motion, unless he is notified that the Executive Directors have waived this requirement. At the expiration of the period prescribed for voting, the Executive Directors shall record the results and the Managing Director shall notify all members. If the replies received do not include a majority of the Governors exercising two-thirds of the total voting power, which is usually required for a quorum of the Board of Governors, the motion shall be considered lost.

#### SEC. 14. *Terms of Service*

(a) Governors and Alternates shall receive their actual transport expenses to and from the place of meeting in attending meetings, including the inaugural meeting, and \$50 for each night which attendance at such meetings requires them to spend away from their normal place of residence, this amount being reduced to \$10 for each night when accommodation is included in the price of transportation.

(b) Pending the necessary action being taken by members to exempt from national taxation salaries and allowances paid out of the budget of the Fund, the Governors and the



Executive Directors, and their Alternates, the Managing Director and the staff members shall be reimbursed by the Fund for the taxes which they are required to pay on such salaries and allowances.

In computing the amount of tax adjustment to be made with respect to any individual, it shall be presumed for the purposes of the computation that the income received from the Fund is his total income. All salary scales and expense allowances prescribed by this section are stated as net on the above basis.

(c) The salary of the Managing Director shall be \$30,000 per annum. The Fund shall also pay any reasonable expenses incurred by the Managing Director in the interest of the Fund (including travel and transportation expenses for himself, and expenses for his family, and his personal effects in moving once to the seat of the Fund during or immediately before his term of office and in moving once from the seat during or immediately after his term of office). The terms of contract of the Managing Director shall be five years.

(d) It shall be the duty of an Executive Director and his Alternate to devote all the time and attention to the business of the Fund that its interests require, and, between them, to be continuously available at the principal office of the Fund.

(e) The maximum salary and expense allowance [including housing, entertainment and all other expenses except those specified in subsection (f)] shall be \$17,000 for Executive Directors and \$11,500 for Alternates. It will be the duty of each Executive Director and each Alternate to state how much of these amounts he intends to draw whether as salary or as expense allowance.

(f) The Executive Directors and their Alternates are to be reimbursed, in addition, for all reasonable expenses incurred during absence from the seat of the Fund while on the designated service of the Fund. They shall also be reimbursed for travel and transportation expenses for themselves,

their families, and their personal effects in moving once to the seat of the Fund during or immediately before their terms of office and in moving once from the seat during or immediately after their terms of office.

(g) Where not specified, it is assumed that the Director and Alternate will be a full time Director and Alternate. Where it is intended that he shall not devote his full time, it shall be so indicated. Where an Executive Director or Alternate indicates that he intends to devote only part of his time to the Fund, his remuneration shall be pro-rated on the basis of a representation by him of the proportion of his time he has devoted to the interests of the Fund. He may make such representation each month.

(h) Where an individual is serving both Fund and Bank, the aggregate of salary received from both shall not exceed the full annual single salary indicated above.

In all cases of salaries or expenses involving dual offices in the Fund or Bank, or both, the individual affected is entitled to take his choice as to which salary or expense he elects, but he shall not be entitled to both.

(i) An individual putting forward a claim for reimbursement for any expenses incurred by him shall include therewith a representation that he has not received and will not claim reimbursement in respect to those expenses from any other source.

(j) Secretarial, staff services, office space, and other services incidental to the performance of the duties of the Executive Directors and Alternates shall be provided by the Fund.

#### SEC. 15. *Delegation of Authority*

The Executive Directors are authorized by the Board of Governors to exercise all the powers of the Fund except those reserved to the Board by Article XII, Section 2 (b) and other provisions of the Articles of Agreement. The Executive Directors shall not take any action pursuant to powers dele-



gated by the Board of Governors which is inconsistent with any action taken by the Board.

#### SEC. 16. *Rules and Regulations*

The Executive Directors are authorized by the Board of Governors to adopt such rules and regulations, including financial regulations, as may be necessary or appropriate to conduct the business of the Fund. Any rules and regulations so adopted, and any amendments thereof, shall be subject to review by the Board of Governors at their next annual meeting.

#### SEC. 17. *Vacant Directorships*

Whenever a new Director must be elected because of a vacancy requiring an election, the Managing Director shall notify the members who elected the former Director of the existence of the vacancy. He may convene a meeting of the Governors of such countries exclusively for the purpose of electing a new Director; or he may request nominations by mail or telegraph and conduct ballots by mail or telegraph. Successive ballots shall be cast until one candidate has a majority; and after each ballot, the candidate with the smallest number of votes shall be dropped from the next ballot.

When a new elective Director is named, the office of Alternate shall be deemed to be vacant and an Alternate shall be named by the newly-elected Director.

#### SEC. 18. *Additional Directors*

At least one month before the second and subsequent regular elections of Directors, the Managing Director shall notify all members of the two members whose currencies held by the Fund have been, on the average over the preceding two years, reduced below their quotas by the largest absolute amounts. He shall state whether either or both are entitled to appoint a Director in accordance with Article XII, Section 3 (c) of the Articles of Agreement.

When a member becomes entitled to appoint a Director

in accordance with Article XII, Section 3 (b) (i) and 3 (c) of the Articles of Agreement, it shall not participate in the election of any Director.

SEC. 19. *Representation of Members Not Entitled to Appoint a Director*

Whenever the Executive Directors are to consider a request made by, or a matter particularly affecting a member not entitled to appoint a Director, the member shall be promptly informed in writing of the date set for its consideration. No final action shall be taken by the Executive Directors, nor any question affecting the member submitted to the Board of Governors, until the member has been offered a reasonable opportunity to present its views and to be heard at a meeting of the Executive Directors, of which the member has had reasonable notice. Any member, so electing, may waive this provision.

SEC. 20. *Budget and Audits*

The Executive Directors shall instruct the Managing Director to prepare an annual administrative budget to be presented to them for approval. The budget so approved shall be incorporated in the annual report to be presented to the Board of Governors at their annual meeting.

The Executive Directors shall have an audit of the accounts of the Fund made at least once each year and on the basis of this audit shall submit a balance sheet and a statement of operations of the Fund to the Board of Governors to be considered by them at their annual meeting.

SEC. 21. *Applications for Membership*

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 Gov-

errors, 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.

#### SEC. 22. *Compulsory Withdrawal*

Before any member is required to withdraw from membership in the Fund, the matter shall be considered by the Executive Directors who shall inform the member in reasonable time of the complaint against it and allow the member an adequate opportunity for stating its case both orally and in writing. The Executive Directors shall recommend to the Board of Governors the action they deem appropriate. The member shall be informed of the recommendation and the date on which its case will be considered by the Board and shall be given a reasonable time within which to present its case to the Board both orally and in writing. Any member so electing may waive this provision.

#### SEC. 23. *Settlement of Disagreements*

The President of the International Court of Justice is prescribed as the authority to appoint an umpire whenever there arises a disagreement of the type referred to in Article XVIII(c) of the Articles of Agreement.



## ACTIONS BY THE BOARD OF GOVERNORS

### Resolutions

#### *Resolution No. 1*

##### Appointment of a Temporary Secretary<sup>1</sup>

Resolved:

That, until a Secretary is appointed, Mr. Roman L. Horne shall be Temporary Secretary of the International Monetary Fund.

#### *Resolution No. 2*

##### Relating to Interim Administrative Arrangements<sup>1</sup>

Resolved:

1. The Temporary Secretary after consultation with the Executive Directors shall make all arrangements necessary for the first meeting of the Executive Directors.

2. The Temporary Secretary is authorized and directed to establish an account in the name of the International Monetary Fund in the Federal Reserve Bank of New York.

3. The Government of the United States of America is authorized and requested to transfer to the account to be established in the Federal Reserve Bank of New York all funds now held or hereafter received under Article XX, Sec. 2 (d) of the Articles of Agreement.

4. Until permanent procedures have been established by the Executive Directors, the Temporary Secretary is authorized to expend up to \$200,000.00 to meet salaries and other administrative expenses of the Fund including transportation and other expenses of Governors and their alternates, Executive Directors and their alternates, and temporary employees of the Fund; expenditures for supplies, equip-

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<sup>1</sup> Adopted at the sixth session, March 16, 1946.

ment and office space; reimbursement for salaries and necessary expenses of employees of member Governments loaned for work on behalf of the Fund; salaries of temporary employees of the Fund; and other necessary administrative expenditures.

5. The Temporary Secretary shall maintain a detailed account of all expenditures and shall present a full accounting to the Executive Directors for all funds which he has expended.

#### *Resolution No. 3*

Fiscal Year and Annual Meeting of the Governors<sup>1</sup>

Resolved:

1. That the fiscal year of the International Monetary Fund shall begin on July 1.
2. That the Chairman shall call the first annual meeting of the Board of Governors during the month of September 1946.

#### *Resolution No. 4*

First Meeting of the Executive Directors<sup>1</sup>

Resolved:

1. That the first meeting of the Executive Directors shall be convened about May 1, 1946. The Executive Director of the member having the largest quota shall act as temporary chairman of the Executive Directors until a Managing Director takes office.
2. That Executive Directors and their alternates shall take office on the date of the first meeting unless they have not been appointed by that date, in which case they shall take office upon the effective date of their appointment.
3. That the next regular election of the Executive Directors shall take place at the annual meeting of the Board of Governors in September 1948.

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<sup>1</sup> Adopted at the sixth session, March 16, 1946.



*Resolution No. 5*

Requesting Interpretation of Articles of Agreement As to  
Question of Fundamental Disequilibrium<sup>1</sup>

Resolved:

That the Executive Directors of the International Monetary Fund are invited, at the request of the Governor for the United Kingdom, pursuant to Article XVIII(a), to interpret Article IV, Section 5(f), as to whether, having regard to the intention of the Government of the United Kingdom to maintain full employment and to the terms of Article I (ii) and (v) of the Articles of Agreement, steps necessary to protect a member from unemployment of a chronic or persistent character, arising from pressure on its balance of payments, shall be measures necessary to correct a fundamental disequilibrium.

*Resolution No. 6*

Requesting Interpretation of Articles of Agreement As to  
Authority of Fund to Use Its Resources<sup>1</sup>

Resolved:

That the Executive Directors of the International Monetary Fund are invited, at the request of the Governor for the United States of America, to interpret the Articles of Agreement, pursuant to Article XVIII (a), as to whether the authority of the Fund to use its resources extends beyond current monetary stabilization operations to afford temporary assistance to members in connection with seasonal, cyclical and emergency fluctuations in the balance of payments of any member for current transactions, and whether the Fund has authority to use its resources to provide facilities for relief, reconstruction, or armaments, or to meet a large or sustained outflow of capital on the part of any member.

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<sup>1</sup>Adopted at the seventh session, March 18, 1946.

*Resolution No. 7*Requesting Interpretation of Articles of Agreement As to  
Appointment of Executive Director<sup>1</sup>

Resolved:

That the following point of interpretation raised by the Governor for India in regard to Article XII, Section 3 (b) 1 and Section 3 (f) be referred to the Executive Directors for their decision in pursuance of Article XVIII (a) of the Articles of the International Monetary Fund namely:

That with reference to the Ad Hoc Committee's report on the position of the Executive Director for India adopted by your Governors at their meeting on the 15th of March and in view of the inconsistency between Section 3 (b) 1 and Section 3 (f) of Article XII that these sections 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 without prejudice to the right of a subsequently admitted member to appoint a Director if it has one of the five largest quotas.

*Resolution No. 8*Establishing a Procedures Committee<sup>2</sup>

Resolved:

That a 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 Chair-

<sup>1</sup> Adopted at the seventh session, March 18, 1946.

<sup>2</sup> Adopted at the third session, March 13, 1946. Members of the Committee are listed on page 5.

man, normally by correspondence and also, if occasion required, by convening immediately before the annual meeting of the Board.

*Resolution No. 9*

Acceptance of Membership by Schedule A Countries<sup>1</sup>

Resolved:

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 until December 31, 1946.

*Resolution No. 10*

Election of An Additional Executive Director<sup>2</sup>

Resolved:

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 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 Gov-

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<sup>1</sup>Adopted by the Board of Governors at the fourth session, March 14, 1946, as part of the Second Report of the Committee on Membership.

<sup>2</sup>Adopted by the Board of Governors at the fifth session, March 15, 1946, as part of the Report of the Ad Hoc Committee on Appointment of an Executive Director by India.



ernor 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.

*Resolution No. 11*

Concerning National Taxes On Salaries and Allowances<sup>1</sup>

Whereas:

Appropriate measures for the elimination or equalization of the burden of national taxes upon salaries and allowances paid by the International Monetary Fund are indispensable to the achievement of equity among its members and equality among its personnel,

Therefore:

The Board of Governors of the International Monetary Fund recommends to the members of the Fund that necessary action be taken by them to exempt from national taxation salaries and allowances paid out of the budget of the Fund to the Managing Director, the Executive Directors and their Alternates, and to the staff of the Fund.

**Other Actions by the Board of Governors**

*Establishment of Quota for Denmark*

In adopting the First Report of the Committee on Membership at the third session, March 13, 1946, the Board of Governors established a quota of \$68,000,000 in the Fund for Denmark. On March 30, 1946, in Washington, D. C., the Danish representative signed the necessary instruments making Denmark a member of the Fund.

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<sup>1</sup>Adopted by the Board of Governors at the sixth session, March 16, 1946, as part of the Report of the Committee on Functions and Remuneration.

*Application for Membership on Behalf of Lebanon,  
Italy, Syria, and Turkey*

The Board of Governors received applications for membership in the Fund from the Governments of Lebanon, Italy, and Syria at the third session, March 13, 1946. A similar application from the Government of Turkey was received at the fourth session, March 14, 1946. The applications were referred to the Executive Directors for consideration and recommendations.

A communication from the Governor for Greece, supported by the Governor for Yugoslavia, questioned whether Italy, as a former enemy country which has not yet signed a peace treaty, should be entitled to apply for membership. The Board of Governors determined at the sixth session, March 16, 1946, that the communication should be held in the records for consideration when Italy's application is again before the Board, but that in the meantime the Executive Directors would not be precluded from considering technical problems incident to the application.

*Request by Paraguay for Upward Revision of Quota*

The Government of Paraguay presented a request for an increase in its quota to \$5,000,000. At the fifth session, March 15, 1946, the Board referred the request to the Executive Directors "with the request that they report as promptly as possible to the Board of Governors and upon receipt of that report by the Board of Governors, the Board of Governors shall take a vote on it promptly."

*Request of Economic and Social Council*

At the fifth session, March 15, 1946, a letter from the President of the Economic and Social Council of United Nations requesting the establishment of liaison with the Fund was referred to the Executive Directors with authority to discuss arrangements for collaboration with the Council and



to prepare recommendations for submission to the Board of Governors.

*Communication from UNRRA*

A communication was received from the United Nations Relief and Rehabilitation Administration inviting the Fund and Bank to send an observer to the current UNRRA Council Meeting. At the sixth session, March 16, 1946, the Board of Governors directed the Chairman to express regrets that the Fund and Bank were not yet organized to the point where an observer could be sent.

## COMMITTEE REPORTS

### First Report of the Committee on Membership

March 12, 1946.

Chairman: France

Vice Chairman: Union of South Africa

Reporting Member: Honduras—Mr. Cáceres

Bolivia, Canada, China, Czechoslovakia, Ecuador, Egypt, Greece, India, Iran, Netherlands, Paraguay, United Kingdom, United States of America, Yugoslavia.

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 Board of Governors at their plenary session of March 11, 1946. The Committee, under the energetic Chairmanship of M. Pierre Mendes-France 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 discus-

sion 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 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 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 dele-

gate 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. 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 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.

*The Report, with the exception of Item 2 of the Agenda relating to the further period during which Schedule A countries might become members, was approved and adopted by the Board of Governors at the third session, March 12, 1946. Item 2 was remanded to the Committee for further consideration.*

### **Second Report of the Committee on Membership**

March 13, 1946.

The Committee on Membership for the Fund met yesterday at 5 p.m. to discuss the length of the period during which



Bretton Woods participants, not now members, might become members.

The Czechoslovakian delegate introduced a motion to modify this Committee's earlier recommendation on this matter to provide for an extension of the time to December 31, 1946.

Some discussion indicated not entire agreement with this proposal, and the Honduran delegate suggested, as a compromise, that the resolution be left as originally proposed to provide only a six months' period, but that individual Bretton Woods countries desiring to become members might, during this six months' period, request a further extension.

It was pointed out that the Czechoslovakian amendment extended this period by only about an additional three and one-half months.

The Committee after some further discussion decided to accept the proposal of the Czechoslovakian delegate. Accordingly, it is recommended that the Board of Governors approve a modification in the Committee's earlier recommendation on this subject to substitute, for the words "during the period of six months following the date of this resolution" the words "by 31 December 1946."

The resolution of the United States Delegation as amended by the Delegation of Czechoslovakia reads:

"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 *until December 31, 1946* (original wording . . . during the period of six months following the date of this resolution)."

*The Report was approved and adopted by the Board of Governors at the fourth session, March 14, 1946.*

## Report of the Committee on Site

March 13, 1946.

Chairman: China  
Vice Chairman: Iceland  
Reporting Member: Mexico—Mr. Monteros

Belgium, Brazil, Canada, Chile, Costa Rica, Czechoslovakia, Dominican Republic, Ethiopia, France, India, Norway, Poland, United Kingdom, United States of America.

The Committee on Site met at 4:30 p.m. on March 13, 1946, under the able and distinguished leadership of Dr. T. M. Hsi, Acting Governor from China, to discuss the selection of a permanent site for the International Monetary Fund. The representatives of the following member countries were in attendance: China, Chairman; Iceland, Vice Chairman; Mexico, Reporting Member; Belgium, Brazil, Canada, Chile, Costa Rica, Czechoslovakia, Dominican Republic, Ethiopia, France, India, Norway, Poland, United Kingdom and United States of America.

Under the Articles of Agreement, Article XIII, Section 1, the question was limited to the selection of a locality within the United States. The metropolitan areas of Washington, D. C., and of New York, New York, were advanced for consideration. There was a thorough discussion of the arguments for and against both suggestions.

The following reasons for selecting New York rather than Washington, D. C., were given:

The Fund as an international institution should not be associated too closely with the capital of any nation, and the staff and officials should be in an atmosphere conducive to allegiance to the Fund. New York, in addition to being a financial and economic world center, would afford a good opportunity for cooperation with the Social and Economic Councils of the United Nations Organization. The selec-

tion of New York would minimize the technical difficulties of operation; transportation facilities would be better.

The following reasons for selecting Washington, D. C., rather than New York were given:

The Fund, as an intergovernmental institution, should be free of any possible influence from economic, financial, or commercial private interests. In recent years there has been a shift from New York to Washington of international financial policy making. The judgment of the government of the country in which the Fund is to be located should be given substantial weight. Washington, D. C., affords a better opportunity for the members to communicate with the representatives of their respective governments. In Washington the officers of the Fund would have ready access to data and material relating to the economies of many countries.

After careful consideration of the argument for and against, the delegates opposing the choice of Washington acquiesced in a recommendation by the Committee to the Board that the metropolitan area of Washington, D. C., be selected as a permanent site for the International Monetary Fund.

The Committee recommends, therefore, the inclusion in the By-Laws of the Fund the following:

#### ARTICLE 1

##### *Places of Business*

The principal office of the Fund shall be located within the metropolitan area of Washington, D. C., United States of America.

The Executive Directors may establish and maintain agencies or branch offices at any place in the territories of other members, whenever it is necessary to do so in order to facilitate the efficient conduct of the business of the Fund.

*The Report was approved and adopted by the Board of Governors at the fourth session, March 14, 1946.*



**Report of the Committee on Functions and Remuneration**

March 16, 1946.

Chairman: Canada  
Vice Chairman: Poland  
Reporting Member: Norway—Mr. Jahn

Brazil, China, Ethiopia, France, Greece, Guatemala, Honduras, India, Iraq, Mexico, Union of South Africa, United Kingdom, United States of America, Uruguay.

I have the honor to report to the Board on the work of the Committee on Functions and Remuneration which met under the chairmanship of the Honorable James L. Ilesley.

The first problem to be taken up by the Committee related to the time and attention which the Executive Directors and their Alternates should devote to the business of the Fund. This question turned in part around the interpretation of Article XII, Section 3 (g), which reads as follows:

The Executive Directors shall function in continuous session at the principal office of the Fund and shall meet as often as the business of the Fund may require.

It was agreed that this passage was not intended to mean that an Executive Director or Alternate could not spend a part of his time away from the seat of the Fund either in his own country or elsewhere, while on the business of the Fund or working in the interest of the Fund. There were, however, two opposing views on the question whether Executive Directors and their Alternates must devote their full time to the business of the Fund or whether Executive Directors and Alternates might be engaged part-time in some other occupation and receive remuneration therefrom.

After considerable discussion the Committee agreed upon the following statement:

It shall be the duty of an Executive Director and his Alternate to devote all the time and attention to the business of the Fund that its interests require, and, between them, to be continuously available at the principal office of the Fund.



The Committee then took up the problem of determining the remuneration of the Managing Director and the Executive Directors and their Alternates. There was full agreement concerning the salary and terms of contract of service of the Managing Director. There was a difference of opinion, however, regarding the amounts of remuneration to be paid to Executive Directors and Alternates, and also as to whether payment should be net of taxes or gross. Some members felt that payment of remuneration on a gross basis would be unfair to the individual Executive Directors, because of the widely varying conditions of taxation which would apply to their incomes. On the other hand, it was pointed out that payment on a net basis would mean that the Fund would have to pay different amounts of taxes to different member Governments.

The consensus of the Committee was that remuneration should be paid on a net basis. Although the Committee was aware that this arrangement would not be ideal under present conditions, it was hoped that the inequalities involved would be eliminated by appropriate remedial action by the member Governments.

There was a difference of opinion as to whether or not there should be a gross limitation as well as a net limitation on the remuneration of the Executive Directors and their Alternates.

The following statement on remuneration was agreed upon by the Committee, with the representative of the United Kingdom withholding his final views with respect to paragraph 3 pending consultation with his Government:

1. It is the view of the Board of Governors that appropriate measures for the elimination or equalization of the burden of national taxes upon salaries and allowances paid by the Fund are indispensable to the achievement of equity among its members and equality among its personnel. Therefore the Board of Governors has determined that pending the necessary action being taken by members to exempt from national taxation salaries and allowances paid out of the budget of the Fund, the Fund is directed to reimburse the Governors, Executive Directors and their Alternates, Managing Director and staff members

who are required to pay the taxes on salaries and allowances received from the Fund.

In computing the amount of tax adjustment to be made with respect to any individual, it shall be presumed for the purposes of the computation that the income received from the Fund is his total income. All salary scales and expense allowances indicated below are stated as net on the above basis.

2. The salary of the Managing Director shall be \$30,000 per annum. The Fund shall also pay any reasonable expenses incurred by the Managing Director in the interest of the Fund (including travel and transportation expenses for himself, his family, and personal effects in moving to and from the seat of the Fund). The term of contract of the Managing Director shall be five years.

3. The maximum salary and expense allowance (including housing, entertainment and all other expenses except those specified in paragraph 5) shall be \$17,000 for Executive Directors and \$11,500 for Alternates. It will be the duty of each Executive Director and each Alternate to state how much of these amounts he intends to draw whether as salary or as expense allowance.

4. The Executive Directors and their Alternates are to be remunerated in addition for all reasonable expenses incurred during absence from the seat of the Fund while on the designated service of the Fund. They shall also be remunerated for travel and transportation expenses for themselves, their families, and their personal effects in moving to and from the seat of the Fund, such remuneration to cover only one move in each direction.

5. Where not specified, it is assumed that the Director and Alternate will be a full time Director and Alternate. Where it is intended that he shall not devote his full time, it shall be so indicated. Where an Executive Director or Alternate indicates that he intends to devote only part of his time to the Fund, his remuneration shall be pro-rated on the basis of a representation by him of the proportion of his time he has devoted to the interest of the Fund. He may make such representation each month.

6. Where an individual is serving both the International Monetary Fund and the International Bank for Reconstruction and Development, the aggregate of salary received from both shall not exceed the full annual single salary indicated above. In all cases of salaries or expenses involving dual offices in the Fund or Bank, or both, the individual affected is entitled to take his choice as to which salary or expense he elects, but he shall not be entitled to both.

7. An individual putting forward a claim for reimbursement for any expenses incurred by him shall include therewith a representation that he has not received and will not claim reimbursement in respect to those expenses from any other source.

8. Secretarial, staff services, office space, and other services incidental to the performance of the duties of the Executive Directors and Alternates shall be provided by the Fund.

It is understood that the reasonable expenses to be paid by the Fund to the Managing Director referred to in paragraph 2 include entertainment and other expenses relevant to this office. This is not true, however, of the reimbursement for reasonable expenses incurred by the Executive Directors and their Alternates referred to in paragraph 4.

It is the recommendation that the substance of this report should be incorporated in the By-Laws of the Fund.

It is further recommended that the Board of Governors of the Fund adopt the following resolution:

Whereas, appropriate measures for the elimination or equalization of the burden of national taxes upon salaries and allowances paid by the International Monetary Fund are indispensable to the achievement of equity among its members and equality among its personnel.

Therefore, the Board of Governors of the International Monetary Fund recommends to the members of the Fund that necessary action be taken by them to exempt from national taxation salaries and allowances paid out of the budget of the Fund to the Managing Director, the Executive Directors and their Alternates, and to the staff of the Fund.

*The Report was approved and adopted by the Board of Governors at the sixth session, March 16, 1946.*

### Report of the Committee on By-Laws

March 16, 1946.

Chairman: United Kingdom

Vice Chairmen: Egypt and Peru

Reporting Member: Belgium—Baron Boël

Bolivia, Brazil, Canada, Chile, China, Colombia, Costa Rica, Cuba, Czechoslovakia, Dominican Republic, Ecuador, El Salvador, Ethiopia, France, Greece, Guatemala, Honduras, Iceland, India, Iran, Iraq, Luxembourg, Mexico, Netherlands, Nicaragua, Norway, Panama, Paraguay, Philippine Commonwealth, Poland, Union of South Africa, United States of America, Uruguay, Yugoslavia.

Mr. Chairman:

I have the honor of reporting to the Board of Governors



of the Fund on the work and conclusions of the Committee on By-Laws set up by the Board of Governors at the plenary session on March 11, 1946.

The Committee on By-Laws held three meetings under the distinguished chairmanship of the Honorable R. H. Brand, alternate Governor representing the United Kingdom. The first meeting was held on March 13, at 10:00 a.m., the second on March 15, at 10:30 a.m., and the third on March 16, at 3:00 p.m.

At the first meeting, a draft of suggested by-laws of the Fund was circulated to the members. A drafting subcommittee was appointed, to which each delegation was invited to submit amendments to the suggested by-laws in writing before noon on March 14th.

In the course of detailed discussion of the individual by-laws at the meetings of the Committee, numerous amendments were suggested, which were either considered by the drafting Committee or referred to special subcommittees.

In connection with Section 12, the report of the Agenda Committee on March 11, as approved by the Board of Governors, was considered. This report recommended that Article XII, Section 2(a) of the Articles of Agreement of the Fund be interpreted in such a way that a member may make provision for the designation of a temporary alternate to vote for the Governor at any Board session at which the regularly designated alternate is unable to be present. This interpretation was incorporated in Section 12 as submitted. The By-Laws Committee took, at the same time, due notice of the interpretation given by the Board of Governors on March 11, following the report of the Agenda Committee, that a Governor or his alternate may designate any other member of his delegation to speak for him at any Board session.

The question of expenses of Governors referred to in Section 14 was discussed by the Committee, and a subcommittee, identical in membership with the Committee on Functions



and Remuneration, was appointed to consider the per diem rate and the question of whether the expenses of personal secretaries or advisers should be paid by the Fund. The draft submitted by that subcommittee and referred to the drafting subcommittee was accepted and incorporated in Section 14 as accepted by the By-Laws Committee.

The Committee then discussed Section 15 relating to the delegation of authority to the Executive Directors. A subcommittee was appointed to consider the specific provisions in the Articles of Agreement reserving powers to the Board of Governors and the question of whether the by-law should state that the Board of Governors may at any time reassume powers delegated to the Executive Directors. The members of this subcommittee were the United Kingdom, France, the Netherlands and the United States. Mr. Rowe-Dutton acted as Chairman of this subcommittee.

The subcommittee considered this question and recommended that Section 15 should be approved, with the addition of a sentence stating that the Executive Directors should not take any action pursuant to powers delegated to the Board of Governors which is inconsistent with any action taken by the Board. It considered at the same time a list which had been prepared of all the powers of the Board of Governors which under the Articles of Agreement of the International Monetary Fund cannot be delegated to the Executive Directors, but stated that this list could not pretend to be exhaustive. It therefore recommended that no attempt should be made to include such a list in the by-laws but recommended that the list should be included in this Report for purpose of record.

The section of the suggested by-laws which related to the officers of the Fund, was discussed by the Committee. The Committee was of the opinion that this section should be omitted, since Article XII, Section 4(b) of the Articles of Agreement states that the Managing Director, subject to the general control of the Executive Directors, shall be respon-

sible for the organization of the staff of the Fund. The adoption of a by-law on officers of the Fund would appear to limit the power of the Executive Directors to determine what officers the Fund should have.

The section of the suggested by-laws on audits was discussed by the Committee. It was agreed that the suggested by-law should not be interpreted as providing for an audit by an independent firm. The suggestion was made by the representative of Norway that there should be a permanent audit committee of Governors, but the Committee was of the opinion that there was no need of appointing such a committee at the outset. The representative of Norway agreed to withdraw his suggestion provided it was understood that at its next annual meeting the Board of Governors would examine the audit procedure as outlined and determine whether or not it was satisfactory.

In the course of the discussion, it developed that it was the consensus of opinion that audits made by the Fund should be performed by members of the staff other than those responsible for the administrative expenses of the Fund—such to be submitted to the Board of Governors through the Executive Directors.

The Committee on Functions and Remuneration agreed on recommendations regarding the salary and expenses and contract of service of the Managing Director and the remuneration of Executive Directors and Alternates. In accordance with the recommendation of the Committee on Functions and Remuneration, the substance of the report of the Committee on Functions and Remuneration is included in the report of the drafting subcommittee of the By-Laws Committee under Section 14.

The report of the drafting subcommittee was submitted to and approved as amended by the Committee on By-Laws on March 16.

The Committee on By-Laws recommends, therefore, the

adoption of the By-Laws of the International Monetary Fund by the Board of Governors.

*The Report was adopted by the Board of Governors at the sixth session, March 16, 1946. The By-Laws appear on pages 8 to 16.*

**Report of the Ad Hoc Committee on Appointment of an Executive Director by India**

March 15, 1946.

Chairman: United Kingdom

Reporting Member: Chile

China, Czechoslovakia, France, India, United States.

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) (i) and 3 (f) of Article XII, suggestion was made that Section 3 (b) (i) 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 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.

*The Report was approved and adopted by the Board of Governors at the fifth session, March 15, 1946.*



**Report of the Ad Hoc Committee on Procedure for the  
Election of Executive Directors**

March 16, 1946.

Chairman: Canada  
Reporting Member: Ethiopia—Mr. Blowers

Belgium, Czechoslovakia, Egypt, Panama, Uruguay

I have the honor to report to the Board on the work of the Ad Hoc Committee on Procedures for the election of Executive Directors, which was appointed by the Chairman at the session of the Board of Governors on March 15, 1946. The Committee, under the Chairmanship of Mr. Graham F. Towers of Canada, met on March 15, 1946, to consider the procedures for election of Executive Directors.

Present at the Meeting were the representatives of Canada, Ethiopia, Belgium, Czechoslovakia, Egypt, Panama and Uruguay. The reporter was asked to prepare a list of the countries entitled to participate in the various elections, together with their votes, the total number of votes and calculations of the critical percentages involved in the elections. New lists will be furnished in the event that additional countries accept membership before the elections take place.

The Committee makes the following recommendations:

1. The Committee decided that the elections should take place on Monday, March 18.
2. Governors should be requested to present all nominations to the Secretary-General in sufficient time for the list of nominations to be posted at 5:00 p.m., Sunday, March 17. All nominations should include the names of the nominees and their nationalities. Nominations should not be closed until the Chairman reads the list of candidates immediately before the balloting begins. No nominations for Fund Directors should be received after balloting for the Fund Directors begins.
3. The Chairman should supervise the elections and should

appoint such tellers and other assistants as he finds necessary.

4. Questions that arise in connection with the election procedures should be resolved by the Chairman or, at the request of any Governor, by the Board.

As a general rule, questions should be stated in general terms without identifying the members concerned with their solution.

5. 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 five 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 for the two Directors to be elected by the American Republics. After all voting on Fund Directors has been concluded, the election of the Directors of the Bank should take place.
6. Balloting should be by signed ballots to be prepared by the Secretariat. The ballots should contain the name of the voting Governor and the country he represents, the number of votes to which he is entitled, a statement that he votes for a particular person and the name of the nominee's country, and a place for the signature of the Governor. Ballots should be clearly marked for use in Fund elections and the Bank election. They should also be marked first ballot, second ballot, etc. One ballot should be handed to each Governor eligible to participate in the election immediately before a vote is taken. Only ballots distributed at that time should be eligible ballots.

At each balloting, the roll of eligible Governors should be called in the alphabetical order of the coun-

tries they represent. As each Governor's name is called, he should deposit his ballot in a ballot box. When all of the ballots have been cast, the Chairman should announce the number of votes received by each nominee, the Governors who voted for each elected candidate, the Governors whose votes contributed to his election, and the Governors who are eligible to participate in the next balloting.

7. At the end of each ballot, the Chairman may recess the meeting for such period as he may deem necessary.
8. The question was raised before the Committee whether a Governor could abstain from voting on any balloting during the course of an election. It was the view of the Committee that Schedule C, paragraph 3, of the Fund Agreement and Schedule B, paragraph 3, of the Bank Agreement would prevent a Governor from voting on any ballot taken subsequent to the one in which he refrained from voting. These paragraphs provide that if the full number of directors is not elected on the first ballot, a second ballot shall be held in which there shall vote "only (a) those Governors who voted in the first ballot for a person not elected, and (b) those Governors whose votes for a person elected are deemed under 4 below to have raised the votes cast for that person above twenty percent (fifteen percent) of the eligible votes."

The Committee took a different view with respect to the election of two Directors of the Fund by the American Republics. In the second election provided for under paragraph 7 of Schedule C of the Fund Agreement, the provision is that "Governors whose votes contributed to the election of the first Director shall take no part in the election of the second Director." Thus, it is the Committee's opinion that a Governor who abstains from voting on the first ballot is not barred from voting on the subsequent ballots.

In view of the importance of the elections and the



complicated nature of the voting procedure, it is the strong view of the Committee that Governors eligible to vote should not abstain from voting.

9. In connection with the dropping of candidates receiving the lowest number of votes, two problems were considered:
  - (a) If there are two candidates who receive an equal number of votes, neither should be dropped from the next ballot.
  - (b) No candidate should be dropped if the number of nominees remaining would be less than the number of directors to be elected.
10. The Committee also considered a problem which might arise if a candidate receives more than the specified maximum percentage of the votes. If two Governors with an equal number of votes voted for one nominee and either of them could be deemed under the voting provisions to have raised the nominee's total beyond the specified maximum, it will be necessary to determine which Governor shall be deemed to have so raised the number of votes the nominee received. The Committee recommends that this determination be made by lot.
11. If it is necessary in the course of the elections 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.

*The Report was approved and adopted by the Board of Governors at the sixth session, March 16, 1946.*



## APPENDIX A

### MEMBERS OF THE DELEGATIONS\*

#### Australia

##### *Observers*

Leslie G. Melville, Economic Adviser to the Commonwealth Bank of Australia

J. B. Brigden, Economic Counselor, Australian Legation, Washington  
Leonard John Dooling

#### Belgium

##### *Governor of the Bank*

Franz De Voghel, Minister of Finance

##### *Governor of the Fund*

✓Camille Gutt, Minister of State

##### *Alternate Governor of the Bank and the Fund*

Maurice Frère, Governor of the National Bank of Belgium

##### *Advisers*

Baron Hervé de Gruben, Deputy Director General of Political Section,  
Ministry of Foreign Affairs

Hubert Ansiaux, Director of the National Bank of Belgium

Baron René Boël

##### *Secretary of the Delegation*

Robert Rolin Jaquemyns

#### Bolivia

##### *Governor of the Fund and the Bank*

Franklin Antezana Paz, General Manager of the Central Bank

#### Brazil

##### *Governor of the Fund and the Bank*

✓Francisco Alves dos Santos-Filho, Director of Foreign Exchange of the  
Bank of Brazil✓

##### *Alternate Governor of the Fund and the Bank*

\*\*Edgard de Mello, Commercial Counselor, Brazilian Embassy, Washington

##### *Secretaries of the Delegation*

Carlos Augusto Alves dos Santos

James J. Thackara

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\*The following countries not then members of the Fund and the Bank were invited to send observers to the Inaugural Meeting: Australia, Cuba, Denmark, El Salvador, Haiti, Liberia, New Zealand, Nicaragua, Panama, Union of Soviet Socialist Republics, and Venezuela. The United Nations Economic and Social Council was also invited to send an observer. During the Savannah meeting, or shortly thereafter, Cuba, Denmark, El Salvador, Nicaragua, and Panama took the steps necessary to become members.

\*\*Not in attendance.

### Canada

*Governor of the Fund and the Bank*

James L. Ilsley, Minister of Finance

*Alternate Governor of the Fund*

Graham F. Towers, Governor of the Bank of Canada

*Alternate Governor of the Bank*

W. Clifford Clark, Deputy Minister of Finance

*Other Officials*

Louis Rasminsky, Alternate Chairman, Canadian Foreign Exchange Control Board

A. E. Ritchie, Second Secretary, Canadian Embassy, Washington

### Chile

*Governor of the Fund and the Bank*

Arturo Maschke, General Manager of the Central Bank of Chile

*Adviser*

Mario Illanes, Commercial Counselor, Chilean Embassy, Washington

### China

*Governor of the Fund and the Bank*

\*O. K. Yui, Minister of Finance.

*Alternate Governor of the Fund*

Te-Mou Hsi, Representative of the Ministry of Finance in Washington;  
Director, The Central Bank of China and Bank of China

*Alternate Governor of the Bank*

Ts-Liang Soong, General Manager, Manufacturers Bank of China;  
Director, The Central Bank of China, Bank of China, and Bank of Communications

*Technical Assistants*

Y. C. Wang

Deson Sze

Yu-Chung Hsi

Yih Loh

### Colombia \*\*

*Governor of the Fund*

Emilio Toro, Colombian Representative, Inter-American Coffee Board,  
Washington and New York

*Observer for the Bank*

Emilio Toro, Colombian Representative, Inter-American Coffee Board,  
Washington and New York

*Secretary*

Gabriel Betaneur, Commercial Attaché, Colombian Embassy, Wash-  
ington

### Costa Rica

*Governor of the Fund and the Bank*

Julio Peña Morúa, President of the National Bank

\* Not in attendance.

\*\* Colombia is a member of the Fund but is not yet a member of the Bank.

*Alternate Governor of the Fund and the Bank*

✓Angel Coronas Guardia  
*Secretary of the Delegation*  
 Arturo Morales Flores

**Cuba***Governor of the Fund and the Bank*

Joaquín E. Meyer, Minister Counselor, Cuban Embassy, Washington

**Czechoslovakia***Governor of the Fund*

Jan Viktor Mládek, Assistant Secretary, Ministry of Finance; Member,  
 Governing Board of the National Bank of Czechoslovakia

*Governor of the Bank*

Alois Kral, Professor of Economics; Executive Director, National Bank  
 of Czechoslovakia

*Alternate Governor of the Fund*

Julius Pázman, Professor of Economics

*Alternate Governor of the Bank*

Joseph Hanc, Envoy Extraordinary and Minister Plenipotentiary ✓

*Secretary of the Delegation*

Ernest Sturc, Deputy Director of the Czechoslovakia Information Service,  
 New York

**Denmark***Observers*

Carl Valdemar Bramsnaes, Governor of the National Bank of Denmark;  
*Chairman of the Delegation*

Einar Dige, Assistant Secretary of the Treasury

Erling Sveinbjornsson, Chief of Division, Ministry of Commerce

Count B. Ahlefeldt-Laurvig, Financial Counselor, Danish Legation,  
 Washington

**Dominican Republic***Governor of the Fund and the Bank*

\*Jesús María Troncoso, Governor of the Bank of Reserve

*Alternate Governor of the Fund and the Bank*

José Calzada, Under Secretary of Labor and National Economy

**Ecuador***Governor of the Fund and the Bank*

Esteban F. Carbo, former Financial Counselor, Ecuadoran Embassy,  
 Washington

**Egypt***Governor of the Fund and the Bank*

✓Ahmed Zaki Bey Saad, Under Secretary of State, Ministry of Finance ✓

*Alternate Governor of the Bank*

Mahmoud Saleh El Falaki, Controller General of Central Administration ✓  
 and Treasury, Ministry of Finance

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\* Not in attendance.



*Alternate Governor of the Fund*

Ahmed Selim, Controller General of Economic and Financial Affairs,  
Ministry of Finance

**El Salvador***Governor of the Fund and the Bank*

Héctor David Castro, Ambassador to the United States *Castro*

**Ethiopia***Governor of the Fund and the Bank*

George A. Blowers, Governor of the State Bank of Ethiopia ✓

**France***Governor of the Bank*

\* André Philip, Minister of Finance

*Alternate Governor of the Bank*

Pierre Mendes-France, former Minister of National Economy ✓

*Governor of the Fund*

Pierre Mendes-France, former Minister of National Economy

*Alternate Governor of the Fund*

Emmanuel Monick, Governor, Bank of France

*Technical Advisers and Experts*

Jean de Largentaye, *Inspecteur des Finances*; Financial Attaché

Georges Boris, *Conseiller d'Etat*, on special mission

Christian Valensi, Financial Attaché, French Embassy, Washington

Jacques de Bresson, *Inspecteur des Finances*

Jean Back, French Embassy, Washington

\* André Nespoulous, *Inspecteur des Finances*

**Greece***Governor of the Fund and the Bank*

Xenophon Zolotas, Professor of Economics, University of Athens; former co-Governor of the Bank of Greece; Member of the Supreme Economic Council of Greece ✓

*Alternate Governor of the Fund and the Bank*

Alexander Loverdos, Head of the Greek Office of Economic Research, New York ✓

*Adviser*

Andrew Kirkilitsis, Official of the Bank of Greece; Director of the Ministry of Supply

**Guatemala***Governor of the Fund and the Bank*

Manuel Noriega Morales, Minister of National Economy

*Alternate Governor of the Fund and the Bank*

\* Leonidas Acevedo, Secretary of the Treasury

*Adviser*

Francisco Linares Aranda, Secretary, Guatemalan Embassy, Washington

\* Not in attendance.

### Honduras

*Governor of the Fund and the Bank*

✓ Julián R. Cáceres, Ambassador to the United States ✓

*Alternate Governor of the Fund and the Bank*

✓ Jorge Fidel Durón ✓

### Iceland

*Governor of the Fund*

\* Asgeir Asgeirsson, Bank Director

*Governor of the Bank*

\* Magnus Sigurdsson, Bank Director

*Alternate Governor of the Fund and the Bank*

Thor Thors, Minister to the United States ✓

### India

*Governor of the Fund and the Bank*

Sir Chintaman Deshmukh, Governor of the Reserve Bank of India

*Temporary Alternate Governor of the Fund and the Bank*

Sir A. Ramaswami Mudaliar, Representative of India on ECOSOC

*Executive Director of the Fund*

Jagannath Vishwanath Joshi, Economic Adviser, Reserve Bank of India

*Technical Adviser*

Henry Douglas Cayley, Deputy Controller of Foreign Exchange, Reserve Bank of India

### Iran

*Governor of the Fund and the Bank*

\* Abol Hassan Ebtehaj, Governor of the Bank Melli Iran

*Alternate Governor of the Fund and the Bank*

✓ Dr. Taghi Nassr, Assistant Secretary, Ministry of Finance; former President, Agricultural and Industrial Bank of Iran; former Director of the Iranian Trade and Economic Commission, New York ✓

### Iraq

*Governor of the Fund and the Bank*

\* Ali Jawdat, Minister to the United States

*Alternate Governor of the Fund and the Bank*

✓ A. M. Gailani, Third Secretary, Iraq Legation, Washington ✓

### Luxembourg

*Adviser*

Adnan Pachachi, Attaché, Iraq Legation, Washington

*Governor of the Fund and the Bank*

\* Pierre Dupong, Minister of Finance

*Alternate Governor of the Fund and the Bank*

✓ Hugues Le Gallais, Minister to the United States ✓

\* Not in attendance.

### Mexico

#### *Governor of the Fund and the Bank*

Antonio Espinosa de los Monteros, Ambassador to the United States

#### *Alternate Governor of the Fund and the Bank*

Luciano Wiechers, Financial Counselor, Mexican Embassy, Washington

#### *Adviser*

Francisco R. Sáenz, Attaché, Mexican Embassy, Washington

### Netherlands

#### *Governor of the Fund and the Bank*

P. Liefstinck, Minister of Finance

#### *Alternate Governor of the Fund and the Bank*

A. M. de Jong, Director of the Netherlands Bank *sub*

#### *Advisers*

G. W. J. Bruins, Netherlands Government Delegate to De Nederlandsche Bank N. V.

J. W. Beyen, Financial Adviser to the Netherlands Government

D. Crena de Iongh, Financial Adviser of the Netherlands Indies Government

H. Riemens, Financial Attaché, Netherlands Embassy, Washington

L. R. W. Soutendyk, Special Assistant to the Minister of Finance

A. Broches, Netherlands Economic and Financial Mission, Washington; Secretary of the Delegation

### New Zealand

#### *Observers*

Edward C. Fussell, Deputy Governor of the Reserve Bank of New Zealand

B. R. Turner, Second Secretary, New Zealand Legation, Washington

### Nicaragua

#### *Governor of the Fund and the Bank*

✓Guillermo Sevilla Sacasa, Ambassador to the United States ✓

### Norway

#### *Governor of the Fund and the Bank*

Gunnar Jahn, Chairman of the Board of Directors of the Bank of Norway *sub*

#### *Alternate Governor of the Fund and the Bank*

Ole Colbjornsen, Financial Counselor, Norwegian Embassy, Washington *sub*

#### *Advisers*

Hallvard Hillestad, Representative in New York of the Bank of Norway

Gabriel Kielland, Bank of Norway

Johan Wulfsberg, Bank of Norway

### Panama

#### *Governor of the Fund and the Bank*

✓Juan José Vallarino, Ambassador to the United States ✓ *sub*



### Paraguay

*Governor of the Fund and the Bank*

\*Harmodio González, General Manager, Bank of Paraguay

*Alternate Governor of the Fund and the Bank*

Rubén Benítez, Manager, Monetary Department, Bank of Paraguay *sub*

### Peru

*Governor of the Fund*

\*Francisco Tudela, President of Central Reserve Bank of Peru

*Governor of the Bank*

Carlos Montero Bernales, former Minister of Finance *sub*

*Alternate Governor of the Fund*

✓Emilio Barreto, Adviser, Central Reserve Bank of Peru

*Alternate Governor of the Bank*

José Barreda Moller, Technical Economist to the Minister of Finance *sub*

### Philippine Commonwealth

*Governor of the Fund*

\*Jaime Hernandez, Secretary of Finance

*Governor of the Bank*

\*José S. Reyes, Chairman, Board of Directors of the Philippine National Bank, Manila

*Alternate Governor of the Fund*

\*Carlos P. Romulo, Resident Commissioner of the Philippines to the United States

*Alternate Governor of the Bank*

✓Joseph H. Foley, Manager, New York Agency of the Philippine National Bank ✓

### Poland

*Governor of the Fund*

✓Edward Drozniak, Governor of the National Bank of Poland; *Chairman of the Delegation*

*Governor of the Bank*

Waclaw Konderski, Deputy Director of the Money Movement Department of the Ministry of Finance ✓

*Alternate Governor of the Fund and the Bank*

✓Janusz Zoltowski, Minister Plenipotentiary, Polish Embassy, Washington ✓  
*Advisers*

✓Leon Baranski, Director General of the Bank of Poland

✓Zygmunt Karpinski, Director of the Bank of Poland

✓Josef Swidrowski, Chief of the Foreign Division of the National Bank of Poland

### Union of South Africa

*Governor of the Fund and the Bank*

\*Jan Hendrik Hofmeyr, Minister of Finance

*Alternate Governor of the Fund and the Bank*

M. H. de Kock, Governor of the South African Reserve Bank *sub*

\* Not in attendance.

*Adviser*

W. C. Naudé, First Secretary, South African Legation, Washington

**Union of Soviet Socialist Republics***Observer*

F. P. Bystrov, Professor, Doctor of Economic Sciences; Adviser of the Government Purchasing Commission of the U.S.S.R. in the United States

*Assistant of Observer*

D. L. Dolotov, Senior Economist of the Government Purchasing Commission of the U.S.S.R. in the United States

*Secretary*

I. G. Klementjev

*Interpreter*

A. D. Bodrova

*Technical Secretary*

P. U. Akulin

**United Kingdom***Governor of the Fund and the Bank*

Lord Keynes, Economic Adviser to the Chancellor of the Exchequer

*Alternate Governor of the Fund and the Bank*

↳ The Hon. R. H. Brand, Head of the United Kingdom Treasury Delegation in Washington ✓

*Advisers*

E. Rowe-Dutton, Assistant Secretary of the Treasury

George Bolton, Bank of England

R. Bridge, Bank of England

Paul Bureau, United Kingdom Treasury Delegation in Washington

**United States of America***Governor of the Fund and the Bank*

Fred M. Vinson, Secretary of the Treasury

*Alternate Governor of the Fund and the Bank*

William L. Clayton, Assistant Secretary of State

*Executive Director of the Fund*

Harry D. White, Assistant Secretary of the Treasury

*Executive Director of the Bank*

Emilio G. Collado, Deputy on Financial Affairs to the Assistant Secretary for Economic Affairs, Department of State

*Special Congressional Advisers*

\* Robert F. Wagner, United States Senate; Chairman, Committee on Banking and Currency

\* Charles W. Tobey, United States Senate; Member, Committee on Banking and Currency

\* Brent Spence, House of Representatives; Chairman, Committee on Banking and Currency

\* Jesse P. Wolcott, House of Representatives; Member, Committee on Banking and Currency

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\* Not in attendance.

*Members of the National Advisory Council*

\*Henry A. Wallace, Secretary of Commerce

\*Marriner S. Eccles, Chairman, Board of Governors of the Federal Reserve System

William McChesney Martin, Jr., Chairman, Board of Directors, Export-Import Bank

*Secretary of the Delegation*

Frank Coe, Director, Division of Monetary Research, Treasury Department

*Technical Advisers*

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James L. McCamy, Director, Office of World Trade Policy, Office of International Trade, Department of Commerce

Herbert W. Parisius, Deputy Director, Office of World Trade Policy, Office of International Trade, Department of Commerce

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Charles P. Shaeffer, Director of Public Relations, Treasury Department

*Private Secretary to the Governor*

Mrs. Margaret McHugh

*Administrative Assistants*

Mrs. Jacquelyn Hooker

William Lynch

Mrs. Linda Shanahan

**Uruguay***Alternate Governor of the Fund and the Bank*

Hugo García, Financial Attaché, Uruguayan Embassy, Washington

**Venezuela***Observers*

Pedro Ignacio Aguerreyere, Financial Counselor, Venezuelan Embassy, Washington

Francisco Alvarez-Chacín, First Secretary, Venezuelan Embassy, Washington

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\* Not in attendance.



### Yugoslavia

*Governor of the Fund and the Bank*

Lavoslav Dolinsek, Vice Governor, National Bank of Yugoslavia

*Alternate Governor of the Fund and the Bank*

Ivan Randic, Assistant Commercial Attaché, Yugoslav Embassy, Washington

*Adviser*

Dragoslav Avramovic, Secretary, National Bank of Yugoslavia

*Secretary*

Miss Kordija Milosevich

### United Nations Economic and Social Council

*Observer*

Sir A. Ramaswami Mudaliar, India

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*Secretary General*

Warren Kelchner, Chief, Division of International Conferences, Department of State

*Temporary Secretary of the Fund*

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*Temporary Secretary of the Bank*

John S. Hooker, Deputy Director of the Office of Financial and Development Policy, Department of State

*Secretaries and Assistant Secretaries of Committees*

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R. B. Brenner, Treasury Department

David Delman, United States Senate Committee on Banking and Currency

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Gordon Williams, Department of State

Walter H. Windsor, Treasury Department

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