

HELD AT SAVANNAH, GEORGIA, MARCH 8-18, 1946

SELECTED DOCUMENTS
INTERNATIONAL MONETARY FUND

WASHINGTON, APRIL 1946

CONTENTS

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.

Washington, D. C.

May 1, 1946.

MEMBERS OF THE DELEGATIONS*

*The following countries not yet 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 qualify for membership.

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 Frere, Governor of the National Bank of Belgium

Advisers

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

Hubert Ansiaux, Director of the National Bank of Belgium

Baron Rene Boel

*Secretary of the Delegation***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

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. Yu, Minister of Finance

* Not in attendance.

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*

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

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 Attache, Colombian Embassy, Washington

Costa Rica

Governor of the Fund and the Bank

Julio Pena Morua, President of the National 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

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

Czechoslovakia

Governor of the Fund

Jan Viktor Mladek, 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 Pazman, 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 Czechoslovak 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

*Jesus Maria Troncoso, Governor of the Bank of Reserves

* Not in attendance.

Alternate Governor of the Fund and the Bank

Jose 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 France

Alternate Governor of the Bank

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

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*

Hector David Castro, Ambassador to the United States

Ethiopia*Governor of the Fund and the Bank*

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

France*Governor of the Bank*

*Andre Philip, Minister of Finance

* Not in attendance.

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

Christian Valensi, Financial Attache, French Embassy, Washington

Jacques de Bresson, *Inspecteur des Finances*

Jean Back, French Embassy, Washington

*Andre 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

* Not in attendance.

Adviser

Francisco Linares Aranda, Secretary, Guatemalan Embassy, Washington

Honduras*Governor of the Fund and the Bank*

Julian R. Caceres, Ambassador to the United States

Alternate Governor of the Fund and the Bank

Jorge Fidel Duron

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

* Not in attendance.

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
Adviser

Adnan Pachachi, Attache, Iraq Legation, Washington

Luxembourg

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

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. Saenz, Attache, Mexican Embassy, Washington

Netherlands

Governor of the Fund and the Bank

P. Lieftinck, Minister of Finance

Alternate Governor of the Fund and the Bank

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

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 Attache, 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

Alternate Governor of the Fund and the Bank

Ole Colbjornsen, Financial Counselor, Norwegian Embassy, Washington

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 Jose Vallarino, Ambassador to the United States

Paraguay

Governor of the Fund and the Bank

*Harmodio Gonzalez, General Manager, Bank of Paraguay

Alternate Governor of the Fund and the Bank

Ruben Benitez, Manager, Monetary Department, Bank of Paraguay

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

* Not in attendance.

Alternate Governor of the Fund

Emilio Barreto, Adviser, Central Reserve Bank of Peru

Alternate Governor of the Bank

Jose Barrera Moller, Technical Economist to the Minister of Finance

Philippine Commonwealth

Governor of the Fund

*Jaime Hernandez, Secretary of Finance

Governor of the Bank

*Jose 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

* Not in attendance.

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

Adviser

W. C. Naude, 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

* Not in attendance.

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 Bareau, 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

* Not in attendance.

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

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

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

Edward M. Bernstein, Assistant Director, Division of Monetary Research, Treasury Department

Walter Gardner, Chief, International Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System

J. Burke Knapp, Special Assistant to the Chairman on International Finance, Board of Governors of the Federal Reserve System

Walter C. Louchheim, Jr., Adviser on Foreign Investments, Securities and Exchange Commission

George F. Luthringer, Chief, Division of Financial Affairs, Department of State

Ansel F. Luxford, Assistant to the Secretary of the Treasury

August Maffry, Economic Adviser, Export-Import Bank

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

* Not in attendance.

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

Arthur Paul, Assistant to the Secretary of Commerce

John W. Pehle, Assistant to the Secretary of the Treasury

John Parke Young, Adviser, Office of Financial and Development Policy, Department of State

Press Relations Officers

J. H. Randolph Feltus, Assistant to the Secretary of the Treasury

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 Garcia, Financial Attache, Uruguayan Embassy, Washington

Venezuela

Observers

Pedro Ignacio Aguerrevere, Financial Counselor, Venezuelan Embassy, Washington

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

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 Attache, 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

OFFICERS OF THE SECRETARIAT

Secretary General

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

Temporary Secretary of the Fund

Roman L. Horne, Assistant to the Assistant Secretary of

the Treasury

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

Alice Bourneuf, Board of Governors of the Federal Reserve System

R. B. Brenner, Treasury Department

David Delman, United States Senate Committee on Banking and Currency

J. E. DuBois, Jr., Treasury Department

Hal B. Lary, Department of Commerce

Wilbur R. Lester, Treasury Department

Raymond F. Mikesell, Treasury Department

Phillip Thorson, Treasury Department

Max J. Wasserman, Department of Commerce

Gordon Williams, Department of State

Walter H. Windsor, Treasury Department

Office of the Secretary General

Special Assistants

Richard S. Wheeler, Division of International Conferences, Department of State

Edwin M. Wright, Division of Middle Eastern Affairs, Department of State

Protocol Officer

H. Charles Spruks, Division of Protocol, Department of State

Administrative Assistant

Frances E. Pringle, Division of International Conferences, Department of State

Chief Press Relations Officer

Lincoln White, Executive Assistant, Office of the Special Assistant to the Secretary of State

Press Relations Officer

Harold R. Beckley, Superintendent, United States Press Gallery

Liaison With Technical Officers

Ivan White, Foreign Service Officer, Department of State

Chief Presentation Officer

Jack Becker, Presentation Division, Department of State

Interpreting and Translating Officer

Tomas B. Medina, Central Translating Division, Department of State

Assistants

Jean B. Richardot, Foreign Liquidation Commission, Department of State

Francine Payne, Central Translating Division, Department of State

Order of the Day Officer

Ralph J. Ribble, Division of International Conferences, Department of State

Administrative Officer

Millard L. Kenestruck, Division of International Conferences, Department of State

Assistant Administrative Officer

Harold G. Kissick, Division of International Conferences, Department of State

Finance Officer

Walter H. Fairman, Division of Finance, Department of State

Personnel Officer

Dorothy G. Selvig, Division of Departmental Personnel, Department of State

Liaison for Coast Guard Relations

Commander Carl A. Bowman, United States Coast Guard

Assistant

Lieutenant Commander James C. Waters, United States Coast Guard

Local Transportation Officer

Lieutenant G. N. Saegmuller, United States Coast Guard Reserve

Chief, Mimeographing Services

Lieutenant (j.g.) Anne D. Bellows, United States Coast Guard Reserve (Women)

Document Office

Document Officer

Jerome J. Stenger, Division of Investment and Economic Development, Department of State

Archivist

Ruth K. Wailes, Division of International Conferences, Department of State

Stenographic and Reporting Services

Lenore Reece, Division of Public Liaison, Department of State

Mary Andrulonis, Treasury Department

Document Distribution

Bernice Mills, Petroleum Division, Department of State

Editor of the "Journal"

Frances Armbruster, Division of Research and Publication, Department of State

Operations Office

Operations Officer

Richard M. F. Williams III, Division of Central Services, Department of State

Information and Registration Officer

G. Victor Lindholm, Interdepartmental Committee on Cultural and Scientific Cooperation, Department of State

Transportation (Air and Rail) Officer

Ruth Harvey, Transportation Section, Division of Central Services, Department of State

Property and Supply Officer

Ralph J. Ribble, Division of International Conferences, Department of State

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

		Votes
Yee Chun Koo	China	5,750
	France	4,750
	India	4,250
	United Kingdom	13,250
Harry D. White	United States	27,500

Elected Executive Directors

Executive Director	Country	Electing C'ntries	Votes
Camille Gutt	Belgium	Belgium	2,500
		Iceland	260
		Luxembourg	350
		<hr/>	3,110
Francisco Alves dos Santos-Filho	Brazil	Bolivia	350
		Brazil	1,750
		Chile	750
		Ecuador	300
		Panama	255
		Paraguay	270
		Peru	500
		Uruguay	400
<hr/>	4,575		
Louis Rasminsky	Canada	Canada	3,250
		Norway	750
		<hr/>	4,000
J. V. Mladek	Czechoslovakia	Czechoslovakia	1,500
		Poland	1,500
		Yugoslavia	850
		<hr/>	3,850
Ahmed Zaki Bey Saad	Egypt	Ethiopia	310
		Egypt	700
		Greece	650
		Iran	500
		Iraq	330
		Philippine Commonwealth	400
		<hr/>	2,890
Rodrigo Gomez	Mexico	Colombia	750
		Costa Rica	300
		Cuba	750
		Dominican Republic	300
		El Salvador	275
		Guatamala	300
		Honduras	275
		Mexico	1,150
		Nicaragua	270
		<hr/>	4,370
G. W. J. Bruins	Netherlands	Netherlands	3,000
		Union of South Africa	1,250
		<hr/>	4,250

**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 Di-

rectors 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 Chairman*

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 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 delegated 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 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 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.

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 Secretary¹

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 Arrangements¹

¹ Adopted at the sixth session, March 16, 1946.

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, equipment 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*Annual Meeting of the Governors¹

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 Directors¹¹ Adopted at the sixth session, March 16, 1946.

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.

*Resolution No. 5*Requesting Interpretation of Articles of Agreement¹ As to Question of Fundamental Disequilibrium

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 Agreement¹ As to Authority of Fund to Use Its Resources¹ Adopted at the seventh session, March 18, 1946.

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 operation 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.

*Resolution No. 7*Requesting Interpretation of Articles of Agreement As to Appointment of Executive Director¹

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 Committees 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 Committee²¹ Adopted at the seventh session, March 18, 1946.² Adopted at the third session, March 13, 1946. Members of the Committee are listed on page _____.

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 Chairman, 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 Countries¹
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

Appointment of An Executive Director By India²

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

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

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 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.

Resolution No. 11

Concerning National Taxes On Salaries and Allowances¹
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.

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 U.N.R.R.A.

A communication was received from the United Nations Relief and Rehabilitation Administration inviting the Fund and Bank to send an observer to the current U.N.R.R.A. 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

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

Reporting Member: Julian R. Caceres.

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 Boards of Governors at their plenary session of March 11, 1946. The Committee, under the energetic Chairmanship of M. Pierre Mendes-France (Governor of both the Fund and the Bank) 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 discussion 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 delegate 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. 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. His specific proposal is attached as an exhibit to this report.

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 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

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

Reporting Member: Antonio Espinosa de los Monteros

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 selection 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

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

Reporting Member: Mr. Gunnar Jahn

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. Hsley.

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 concensus 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 Chairman: Egypt and Peru

Reporting Member: Belgium

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

Reporting Member: Baron Rene Boel.

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 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. A copy of the amendments submitted to the drafting subcommittee is included in the report of the subcommittee.

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.

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 (which is annexed) should be included in this Report for purpose of record.

The section of the suggested by-laws which relates 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 responsible 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. A copy of the By-Laws as approved by the Committee on By-Laws is attached.

The Committee on By-Laws recommends, therefore, the adoption of the attached By-Laws of the International Monetary Fund by the Board of Governors.

The report was amended and adopted by the Board of Governors at the sixth session, March 16, 1946. The By-Laws appear on pages to

**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) (1) 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 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

Reporting Member: George A. Blowers.

I have the honor to report to the Board on the work of the Ad Hoc Committee on Procedures for Executive Directors, which was appointed by the Chairman at the session of the Boards 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.

These lists are attached to this report as an annex. 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, and no nominations for Bank Directors should be received after balloting for the Bank 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 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 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 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 countries 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.