

Meeting of Committee 1 of Commission I
at 4 P.M., July 5, 1944

Dr. Goldenweiser, chairman of the drafting subcommittee, read a report about those subdivisions of Article I, relating to purposes of the Fund, on which questions had arisen. The Committee recommended adoption in a modified form of the proposal of the Indian Delegation that one of the purposes be assistance in the utilization of the resources of economically underdeveloped countries. He stated that the Indian Delegation was ~~not~~ entirely satisfied although it conceded that the phrasing had been improved. He also stated that approval of Australia had been made conditional on the adoption of flexible provisions under Article III, Section 2, relating to purchase of currency from the Fund. The report was tabled without discussion so that the members of the Committee might examine it in writing.

A suggestion by Dr. Keilhau of Norway that a slight drafting change be made in Article II, Section 1, was referred to the drafting committee. The section was otherwise agreed to.

Article II, Section 2, was passed over again in view of the fact that the document on quotas previously mentioned had not yet been distributed.

Under Article II, Section 3, concerning the time and place of paying quotas, the principal discussion centered around Alternative B which had been offered by Czechoslovakia. Dr. Mladek explained the proposal saying that there was no intent whatever to insist on the exact phraseology and that his country merely wished to bring out two principles: first, that the Fund should have full discretion in making special arrangements for the benefit of occupied countries, and second, that the Fund should be fully safeguarded against loss. Great interest was displayed in the alternative by the Netherlands and by Poland. The delegate of the latter felt that a fixed term as proposed in the Alternative would be inappropriate. The South African delegate stated that the question of occupied countries was a very broad one covering many sections of the Agreement. He urged that a general over-riding clause be inserted allowing the Fund complete discretion to give such extensions to occupied countries as it deemed desirable.

Dr. Keilhau urged that the suggestion of South Africa be referred to a special committee of Commission I. He also strongly opposed discretionary provisions and insisted that occupied countries must have their "rights" spelled out fully. Mr. Robbins of the United Kingdom agreed with the need of reference to a special committee of the Commission.

A representative of Egypt had stated that some provision of the sort would be needed in the Middle East.

It was alternately agreed that Alternative A was acceptable on its face subject to consideration of Article XIII and to the recommendation that a subcommittee be appointed concerning occupied countries.

With respect to Article II, Section 4, regarding the adjustment of quotas, Mr. Melville of Australia said that he would prefer that the Fund would be free to make general revisions of quotas at any time. This position was supported by South Africa. Dr. Goldenweiser stated that he believed there would be no objection to this view on the part of the United States Delegation, but Dr. Keilhau objected saying he wanted governments to have the benefit of definite positions. After some suggestions on phrasing had been received, including one by Australia that the sentence provide for revisions every five years and such other times as the Fund deemed desirable, Dr. Goldenweiser moved that the question be referred to the drafting committee. His motion was accepted.

Sir Theodore Gregory then added for India that it would prefer mandatory review every five years.

Haiti inquired why the Agreement omitted the provision in the printed plan of July, 1943, regarding gold in the monetary assets of the country contributing. Mr. Collado answered that on second thought it had been considered that such a matter was solely one for the local law of the members.

Discussion was begun on Article III, Section 5, relating to the composition of initial payments on quotas. Dr. Keilhau urged that the present draft prevented a country from paying more than 25 percent in gold and it seemed to be the consensus of opinion that his point should be met.

E. Arnold