

Meeting of Committee (4) of Commission I, at 5:30 P.M.
July 5, 1944.

The Chair announced that the procedure of the Committee would conform to that of the other committees. Among other points, he mentioned that no formal votes should be taken, that a drafting subcommittee would be appointed, and that any disagreements in principle would be reported to the Commission.

The discussion opened with Article IX, Section 5, establishing the immunities of the Fund. Mr. Beckett of the United Kingdom stated his general support of the alternative. A representative of Poland inquired whether the Fund should be able to sue if it is immune from suit. Mr. Beckett answered that the situation is entirely conventional with regard to foreign powers in local courts and Dr. Keilhau of Norway agreed.

Dr. Keilhau announced that in general he enthusiastically supported the provision. Mr. Machado of Cuba said that the immunities provisions would be constitutionally objectionable in Latin America if they protected individuals from criminal responsibility. Messrs. Acheson and Beckett answered the objection at some length, pointing out particularly that the immunity involved applied to official acts which could hardly be construed to include crimes against the interests of the Fund. At this point Mr. Acheson made a strong plea that the immunities be incorporated in the Agreement, since the method of recommendation employed by UNRRA had proved very unsatisfactory. After some discussion of detail, the Chairman announced that he considered that the meeting had approved Section 5.

Attention was then turned to Article IX, Section 7, concerning taxation, Section 6 having been eliminated through consolidation with Section 5. Mr. Machado of Cuba stated that he was in full accord with the idea of giving the Fund immunity in every direction, but again he felt that the detailed provisions were contrary to the constitutions of Latin American countries. He suggested that the meeting agree on the broad principles and that suggestions be submitted to a drafting committee.

Dr. Keilhau inquired at considerable length whether fees for official services, such as registration of deeds were prohibited, and he asked for a general explanation of the limits of the provisions. The Polish delegate inquired whether indirect taxes entering into the cost of goods were excluded.

Mr. Beckett stated that he sympathized with the Cuban request for reference to a committee. He felt that the countries would generally have to send home for instructions on the immunities. He also pointed out that the provisions were of greater significance for the Bank than for the Fund.

Mr. Acheson stated that he was in accord with the suggestions of reference to a subcommittee. He also said that the provisions were not intended to affect taxes entering into the cost of goods nor to exclude fees. Dr. Keilhau thanked Mr. Acheson, but insisted that the language be changed to embody the explanation and China and Ecuador supported this view.

A representative of the United Kingdom suggested that all governments telegraph to their foreign offices for instructions and that the matter thereafter be considered by the subcommittee. Mr. Machado agreed but Dr. Keilhau strongly objected on the ground that too much time would be consumed. Mr. Acheson suggested that the two approaches be combined but Mr. Boucas of Brazil objected to the whole idea of reference to home offices, saying that it would prevent the conference from functioning effectively.

It was ultimately decided that the matter should immediately be referred to a committee, which the Chairman announced would be composed of the United States, United Kingdom, Cuba, U.S.S.R. and Norway. At the suggestion of Mr. Machado, Mr. Acheson was appointed chairman of the subcommittees.