

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.

Meeting of Commission I, 10:30 A. M., July 5, 1944

The meeting, held under the chairmanship of Mr. White, was devoted primarily to reports from the four Committees of the Commission. Mr. Varvaressos of Greece, reporting for Committee (1), stated that activity had been confined to consideration of Article I relating to purposes, since it had been thought best to defer the question of quotas until a document under preparation could be distributed at the conference. The important questions under purposes were the suggestions by India that assistance "in the fuller utilisation of the resources of economically under-developed countries" and the settlement of abnormal balances arising out of the present war, should be included as primary purposes. Mr. Varvaressos stated that the consensus had been against the full inclusion of the first proposal, but that sentiment had developed for inclusion as a subordinate purpose. This question and some others of minor importance had been referred to a drafting sub-committee. The committee had determined that the question of abnormal balances should be referred to the Commission itself.

The report for Committee (2), delivered by Prof. Mosse of France, indicated that the Committee had made excellent progress, having agreed upon sections 1 through 3 under Article III of the Joint Statement, with the exception of two subdivisions in section 2. Consideration of one of these subdivisions, relating to scarce currency, had merely been deferred until the general scarce currency provisions were examined, but some serious questions had arisen on the other relating to the rate at which a country might draw upon the Fund. Judge Vinson moved that the latter question be recommitted and his motion was carried unanimously.

Dr. Hexner of Czechoslovakia, reporting for Committee (3), said that in general full agreement had been reached on Alternative A (the American proposal) under Joint Statement VII, 1, relating to the Board of Governors. He reported that no agreement had been reached on the alternatives concerning the Executive Directors, since there were broad differences between Alternative A and Alternative B (United Kingdom proposal). He outlined the differences in detail but said that he did so only to indicate the nature of the discussion. It appeared to be his intention to imply that he expected the disagreements to be resolved satisfactorily.

Dr. Keilhau of Norway reported that Committee (4) had adjourned after a brief organization meeting since the material assigned to it was not yet fully available.

Several reporters mentioned a determination in their Committee not to put matters to votes but to seek a consensus of opinion informally and to report to the Commission any serious divergencies which might arise. They also indicated a general intention to make use of sub-committees or informal consultations to resolve difficult points.

Mr. White then inquired whether the meeting wished to discuss the reports or reserve them for the next meeting of the Commission. Lord Keynes suggested that they be reserved, particularly since he wished to propose that the reports be made available in writing before meetings. His suggestion was accepted, and it was decided that the chairman should be empowered to call the next meeting at his discretion, presumably on either Friday or Saturday.

Mr. White raised the question whether it would not be desirable to have Committees meet only once a day. Lord Keynes opposed this view on the ground that the Committees should work more rather than less, but after some uncertainty it was decided that beginning on July 6 the Committees would for the time being meet only once a day, although for longer periods than previously.