

Art IV, sec 2
What is Sec 2 of
last draft?

Art VII, sec 2

Speaks of voting on requests for
exchange. Is fund going to
vote on every request. If so
it is cumbersome not with
spirit of Art IV, sec 3.

If not voting, where will
the provision be used: It is
not clear now

(a) p 15 - What if director decided
votes in electing mem

Sec 5, pag 15 on signatures - Should
we not provide the signature shall
be certified by a similar agency or
the signature should be selected
with approval of Country.

TO:

The Secretary
Mr. D.W. Bell
Mr. Gaston

Mr. O'Connell
Mr. Sullivan
Mr. Charles Bell

* * *

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Mr. E.M. Bernstein
Miss Chatfield
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Mr. Arnold
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Mr. Bronz
Mrs. DeLacy
Mr. DuBois
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Mr. Minskoff
Mr. Moskovitz

FROM: MR. LUXFORD - Room 270

220

AGREEMENT TO ESTABLISH AN INTERNATIONAL
MONETARY FUND

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Preliminary list of definitions for the Agreement to establish an International Monetary Fund.

As used in this Agreement --

Why a def. given

The term "currency" means every form of medium of exchange used within a member country which is defined in terms of the standard unit of value of such country, including without limitation:

- (a) All paper money and coin issued or coined in accordance with the laws of such country;
- why* } (b) All demand deposits in banks within such country; and
- why* (c) All bills, notes or other form of indebtedness described in Article III, Section 2.

The term "gold-convertible currency" means any currency as defined above which is readily exchangeable for gold for the purpose of settling international balances.

The term "gold-convertible securities" means all obligations issued by the government of a member country which are readily exchangeable for gold for the purpose of settling international balances.

The term "official holdings" means the holdings of a member country's government and central bank, and of any governmental department, agency, establishment or corporation; without reduction for any liabilities, whether such liabilities are actual or potential, general or specific, external or internal.

Why not no longer

The term "central bank" means a banking institution, appointed by a member country as its central bank, which acts as the fiscal agent of such country when dealing with the Fund.

Source of definition

By laws to carry out provisions

Source def for by-laws

NOTES

1. Material dealing with subjects not covered in the joint statement of April 21 is indicated by "new" in the margin.
2. New material in paragraphs dealing with subjects covered in the joint statement is indicated by single underscoring.
3. Material derived from the joint statement which is considered undesirable is indicated by double underscoring.
4. Significant changes of material in the joint statement are pointed out by marginal comments in brackets.
5. Changes in headings are not indicated.

6. Abbreviations:

- (a) J.S. = Joint Statement of April 21
- (b) O.J.S. = Joint statement of October, 1943
- (c) P.P. = Printed plan of July, 1943
- (d) P.J.S. = Joint Statement of April 17, 1941

~~Book~~

plus agreed minutes

AGREEMENT TO ESTABLISH AN INTERNATIONAL
MONETARY FUND

*Letter of Gold-Russians
Proposed*

Concluded among the delegates of the governments of:
[List of Countries]

The undersigned, delegates of the Governments of the countries
above enumerated, meeting in the City of Washington, D. C., have,
by common accord concluded the following agreement for an International
Monetary Fund in which their respective governments may accept member-
ship.

*Signature of the delegates shall be deemed to imply with a legal national
commitment on part of countries to accept membership in fund - merely that
the countries will sign the agreement*

Article I.

Creation, Purpose and Policies of the International Monetary Fund.

There shall be established, under the name of International
Monetary Fund, a permanent institution which shall be guided in all
its decisions by the following purposes and policies:

1. To promote international monetary cooperation through
providing the machinery for consultation on international monetary
problems.
2. To facilitate the expansion and balanced growth of inter-
national trade and to contribute thereby to the maintenance of a
high level of employment and real income, [which must be a primary
objective of economic policy.]
3. To give confidence to member countries by making the resources
of the Fund available to them under adequate safeguards, thus providing
member countries with time to correct maladjustments in their balances
of payments without resorting to measures destructive of national or
international prosperity.
4. To promote exchange stability, to maintain orderly exchange
arrangements among member countries, and to avoid competitive exchange
depreciation.

*New C of my
alternatives
Insert A*

*See
Insert B*

*Why not "is"
if this is agreement*

J.S. I

Why?

J.S. I, 1

Stat
[omits "a per-
manent insti-
tution--"]

J.S. I, 2

*leave in, but
in brackets*

J.S. I, 3

J.S. I, 4

*Pres of the
of "to"
in
use here*

J.S. I, 5 5. To assist in the establishment of multilateral payments facilities for current transactions among member countries and in the elimination of foreign exchange restrictions which hamper the growth of world trade.

J.S. I, 6 6. To shorten the periods and lessen the degree of disequilibrium in the international balances of payments of member countries.

Article II.

Membership in and Subscription to the Fund.

Section 1. Countries Eligible for Membership in the Fund.

New: P.P. I, 1st par. The member countries of the Fund shall be those of the countries *represented at the International Monetary Conference held at _____, _____* (that sent delegates to the meeting at which this Agreement was concluded)

whose governments shall accept membership in the Fund as provided in

New: Inter-Amer. Bank Conv. Art. 8 Article XIII. Membership in the Fund shall be open to other countries in accordance with rules to be established by the Fund at such time as the Board of Directors of the Fund deems advisable.

Upon acceptance of membership in the Fund, as provided in Article XIII, or in the rules to be established by the Fund, member countries shall assume all of the obligations pertaining to membership in the Fund, but no country shall acquire the rights pertaining to membership in the Fund until it has paid its quota.

Section 2. Quota Subscriptions of Member Countries.

Each member country shall subscribe and pay to the Fund a quota in gold and its own currency. The quota of each member country shall initially be determined by adding:

- (a) two per cent of such country's national income for the calendar year 1940;
- (b) five per cent of the official holdings of gold-convertible currencies and securities of such country on January 1, 1944;
- (c) ten per cent of the maximum annual variation in exports of such country during the calendar years 1934 to 1938 inclusive;

J.S. II, 1
[Since Article II in the Joint Statement is not very full this material has been so greatly elaborated that underscoring is not practicable]

own currency vs local currency

(d) ten per cent of the average annual imports of such country during the calendar years 1934 to 1938 inclusive; and increasing such sum by the percentage ratio determined by dividing the national income of such country for the calendar year 1940 by the average annual exports of such country for the calendar years 1934 to 1938 inclusive.

PR II, 4

There shall be assigned to each member country only ninety per cent of its quota as determined by this formula. The unassigned ten per cent of the aggregate quotas shall be reserved for the purpose of quota adjustments as provided in Section 3 of this Article.

New

The quotas of the countries that sent delegates to the meeting at which this Agreement was concluded are set forth below in terms of United States dollars of the weight and fineness in effect on the date of this Agreement.

Country	<u>Quota under the Formula</u>	<u>Quota Assigned</u>	<u>Adjustment</u>	<u>Quota</u>
	_____	_____	_____	_____
Totals				

What does it mean

Section 3. Adjustment of Quotas.

J.S. II, 2
P.P. II, 5

Quotas shall be adjusted by the Fund three years after commencement of the operations of the Fund and at intervals of five years thereafter. Such adjustments shall be made on the basis of the formula set forth in Section 2 of this Article, using the most recent comparable data furnished by the member countries as provided in Article IX, Section 8. Ten per cent of the aggregate quotas shall not be assigned but shall be reserved for the purpose of further adjusting those quotas which are found by the Fund to be inequitable.

J.S. II, 2

At any time the quota of any member country may be increased if, in the judgment of the Fund, its existing quota is clearly inequitable,

Change Formula 4/5 vote

by assignment to such member country of a portion of the ten per cent of aggregate quotas reserved under this Article.

J.S. II, 2

No change shall be made in the quota of any member country except with the concurrence of the director representing such country.

Section 4. Payment of Quotas.

Each member country shall pay to the Fund the full amount of its quota on or before the date fixed by the Board of Directors, in accordance with Article XIII, Section 4(b) for commencement of the operations of the Fund. Any country that becomes a member country after such date shall pay to the Fund the full amount of its quota on or before the date fixed by the Fund for such payment to be made. Any member country whose quota is increased shall immediately pay to the Fund the full amount of the increase.

*of Gold
Tribute*

New

*Whomd meet
Under Income
in sec 3*

The obligatory gold subscription of each member country shall be twenty-five per cent of its quota and of each increase in its quota, or ten per cent of its official holdings of gold and gold-convertible currencies and securities, on the first day of January preceding the date of payment, if such ten per cent is less than the amount otherwise payable. The data necessary to determine official holdings of gold and gold-convertible currencies and securities shall be furnished by the member countries as provided in Article IX, Section 8.

J.S. II, 3

Sec. 5
adjustments
downward

*Summ in first
Program*

Each member country shall pay in its own currency the balance of its quota and of each increase in its quota. Local currency payments shall be made in a manner which will permit them to be held as provided in Article III, Section 2.

J.S. II, 1,3

*Comp
John*

Any country that sent a delegate to the meeting at which this Agreement was concluded, whose home areas have suffered substantial damage from enemy action or occupation during the present war, may reduce its obligatory gold subscription to seventy-five per cent of the amount it would otherwise be obliged to pay, but this paragraph shall not apply to any increase in the quota of such country.

P. J.S. II, 3

?

Section 5. Reduction of Quotas.

Whenever the quota of a member country is reduced, the Fund shall return to such country an amount in its own currency or gold equal to the reduction in the quota. The Fund shall pay to such country only the amount of gold necessary to prevent reducing the holdings of the Fund of that currency below seventy-five per cent. [of such country's new quota or below the difference between its new quota and ten per cent of its official holdings of gold and gold-convertible currencies and securities on the preceding first day of January, whichever is greater.]

New:

What if gold member's deposits are low?

2/10/48

Article III

Transactions with the Fund.

Section 1. Agencies Dealing with the Fund.

Member countries shall deal with the Fund only through their Treasuries, central banks, stabilization funds or other similar fiscal agencies.

J.S. III, 1

What if gold member's deposits are low?

Section 2. Currencies and Securities Held by the Fund. Deposits.

The holdings of the Fund in the currency of each member country, to the extent deemed by the Fund to be necessary for its operations, shall be deposited in the central bank of that country in an account in the name of the Fund. The balance of the holdings of the Fund in such currency shall be in the form of bills, notes, or other form of indebtedness, issued by the Government of that country, which shall be non-negotiable, non-interest bearing and payable at their par value on demand by a credit to the deposit account of the Fund at the central bank of that country.

J.S. III, 1
[amplified and rearranged]

What does member do?

from time to time?

New:
O.J.S.
minutes 31

5/22

What if gold member's deposits are low?

Section 3. Limitation on the Operations of the Fund.

Operations for the account of the Fund shall be limited to transactions for the purpose of supplying a member country, on the initiative of such country, with the currency of another member country in exchange for the currency of the country initiating the transaction or for gold;

J.S. III, 3

but the transactions provided for by Sections 6, 8 and 9 of this Article shall not be subject to this limitation.

Section 4. Conditions upon which Any Member Country May Purchase Currencies of Other Member Countries.

J.S. III, 2 A member country shall be entitled to buy the currency of another member country from the Fund in exchange for its own currency subject to the following conditions and the provisions of Article VI:

J.S. III, 2(b) [rephrased]

? 2(b) ?

J.S. III, 2(a)

(a) The member country initiating the purchase represents that the currency demanded is presently needed for making payments in that currency which are consistent with the purposes and policies of the Fund:

J.S. III, 2(c)

ambiguity

(b) The total holdings of the Fund in the currency of the member country initiating the purchase, after having been restored, if below that figure to seventy-five per cent of the quota of such country, have not increased during the previous twelve months by more than twenty-five per cent of the quota of such country and do not exceed two hundred per cent of the quota; and

J.S. III, 2(d)

(c) The Fund has not previously given notice under Section 5 of this Article that the member country initiating the purchase is suspended from making further use of the resources of the Fund.

How about waiver of JS III 2f max?

The Fund may, in its discretion, waive any or all of these conditions on terms which safeguard the interests of the Fund.

Section 5. Suspending Member Countries from Using the Resources of the Fund.

This cannot be waived now under JS III - 2 as before

Whenever the Fund determines that any member country is using the resources of the Fund in a manner contrary to the purposes and policies of the Fund, it shall present to the country concerned a report setting forth the views of the Fund and stating a suitable time for reply by such country. If no reply is received within the stated time, or the reply received is ^{deemed} unsatisfactory, the Fund may suspend the country from making

J.S. III, 2(d) [enlarged and rephrased]

Revised

further use of the resources of the Fund, but nothing in this section shall prevent any member country from purchasing its own currency or the currency of another member country from the Fund in exchange for gold.

Section 6. Operations for the Purpose of Preventing Member Currencies from Becoming Scarce.

The Fund ^{is authorized} shall be entitled, if it deems such action to be appropriate to prevent the currency of any member country from becoming scarce, to take either or both of the following steps:

J.S. III, 4

- (a) Propose to the member country that it lend such currency to the Fund;
- (b) Make an offer to the member country to exchange gold for such currency.

Is it clear that country decides on loan

Section 7. Multilateral International Clearing.

So long as a member country is entitled to buy the currency of another member country from the Fund in exchange for its own currency, it shall, upon the request of such other country, buy its own currency from such other country with the currency of that country or with gold. This Section shall not apply to holdings of currencies of member countries subject to restrictions in conformity with Article IX, Section 4, or to holdings of currencies of member countries which have accumulated as a result of transactions of a currency account nature effected before the removal by the member country of restrictions on multilateral clearing maintained or imposed under Article X, Section 2.

J.S. III, 5

Does JS IX, 3 authorize restrictions? Why not VI, unless why is VI referred to in IX?

Section 8. Acquisition by Member Countries of the Currencies of Other Member Countries for Gold.

Whenever any member country desires to obtain, directly or indirectly, the currency of another member country for gold, it shall offer gold to the Fund in exchange for such currency, unless

JS III 6

Fund may purchase collateral

*Change Charges
(a) Change on gold
(b) Change on gold coin
(c) Dist. on local currency*

the currency can be obtained in some other manner with greater advantage. Nothing contained in this Section shall preclude any member country from selling in any market the new production of gold from mines located within territory subject to its jurisdiction.

Why Part 7 not section

Section 9. Other Acquisitions of Gold by the Fund.

[Preamble of J.S. III, 7 omitted]

why not phrase?

Part A. By Sales to Member Countries of Their Own Currencies.

J.S. III, 7(a)

legitim

Any member country may, at any time exchange gold for any part or all of its currency held by the Fund.

Part B. By Sales to Member Countries of the Currencies of Other Member Countries.

definitive

J.S. III, 7(b) [Extensively revised in phrasing]

Permissible fluctuations?

So long as the official holdings of gold and gold-convertible currencies and securities of any member country at the end of any financial year of the Fund exceed its quota, the Fund shall require that such country exchange gold for its currency to the extent necessary to effect payment in gold for one-half of the net sales by the Fund to such country of the currency of other member countries during such financial year of the Fund.

Change mem? Under regulations

Part C. By Requiring Member Countries to Repurchase Their Own Currencies.

J.S. III, 7(c)

If at the end of any financial year of the Fund the official holdings of gold and gold-convertible currencies and securities of any member country have increased, the Fund may require up to one-half of the increase to be used to repurchase part of the holdings of the Fund of the currency of such country so long as the repurchase will not reduce the holdings of the Fund of the currency of such country below seventy-five per cent of its quota, or the holdings of gold and gold-convertible currency and securities of such country below its quota.

to be added

Section 10. Transferability of the Currency Holdings of the Fund.

The holdings of the Fund in the currencies of member countries shall, to the extent necessary to carry out the operations prescribed by this Article, be free from restrictions, regulations and controls of any nature imposed by member countries.

O.J.S.
Directive 6iv

Article IV

Par Values of the Currencies of Member Countries.

Section 1. Initial Par Values of the Currencies of Member Countries.

direct money by Fund
Each member country shall by agreement with the Fund fix the par value of its currency in terms of gold.

Change in substance of II - when admitted when
J.S. IV, 1

Section 2. Par Values to Govern Transactions.

All transactions between the Fund and member countries shall be at the par values of the currencies of the member countries subject to a charge of ___ per cent payable to the Fund by any member country purchasing the currency of another member country from the Fund in return for its own currency or for gold. All transactions in the currencies of member countries engaged in by the member countries or persons subject to the respective jurisdictions of the member countries shall be at rates of exchange within ___ per cent of the par values of the currencies of the member countries.

Why spell out name of country

J.S. IV, 1

Country Fund and what is being used V.S.?

Let's see if we should be in

Section 3. Changes in the Par Values of the Currencies of Member Countries.

Part A. Consent of a Member Country to Any Change in the Par Value of Its Currency.

Subject to the provisions of Part C of this Section no change in the par value of the currency of any member country shall be made by the Fund without the approval of the Director representing such country.

J.S. IV, 2

*Why modify
form of V.S.
here?*

Part B. Approval by the Fund of Changes in the Par Values of Currencies of Member Countries.

[What meaning]
J.S. IV, 2

*leave vague?
PP*

Each member country agrees not to propose a change in the par value of its currency unless it considers such action to be appropriate to the correction of a fundamental disequilibrium in its balance of international payments.

Changes in the par values of the currencies of member countries shall be made only with the approval of the Fund subject to the provisions below:

J.S. IV, 3

(1) The Fund shall approve a proposed change in the par value of the currency of a member country if in the judgment of the Fund the change is essential to the correction of a fundamental disequilibrium in the balance of international payments of the member country. In particular the Fund shall not reject a proposed change, necessary to restore equilibrium, in the balance of international payments of a member country, because of the domestic social or political policies of the member country;

J.S. IV, 3

(2) In considering proposed changes in the par values of the currencies of member countries, the Fund shall take into consideration the extreme uncertainties

prevailing at the time of agreement on the par values of the currencies of the member countries.

(3) After consultation with the Fund, any member country may change the par value of its currency, provided the proposed change, inclusive of any previous changes since the par value of such currency was initially agreed upon does not exceed ten per cent of the initial par value of such currency; and

(4) Upon the request of a member country proposing a change in the par value of its currency which change is not within the scope of the preceding subdivision of this Part, but which change will not alter the then prevailing par value of its currency by more than ten per cent, the Fund shall approve or reject the proposed change within two days, excluding Sundays, of the date the Fund receives the proposal.

Part C. Uniform Changes in the Par Values of All Member Countries.

The Fund may make uniform proportionate changes in the par values of the currencies of all the member countries, provided that each such change is approved by every director representing a member country which has ten per cent or more of the aggregate quotas.

Section 4. Protection of the Assets of the Fund.

No change in the par value of the currency of any member country shall alter the gold value of the assets of the Fund. Whenever the par value of the currency of any member country is reduced, such country shall adjust its quota by paying to the Fund, within a reasonable time, an amount in its own currency equal to the reduction in the gold value of the currency and securities of such country held by the Fund. Whenever the par value of the currency of any member country is increased, the Fund shall adjust the quota paid by such country by returning, within

J.S. IV, 4
Is this a range or a cumulative plan?

J.S. IV, 4

J.S. IV, 5

(Quotas or votes)

P.P. III, 3
[Should part of this payment be in gold?]

a reasonable time, an amount of the currency of such country equal to the increase in the gold value of the currency and securities of such country held by the Fund.

The provisions of this section may be waived by the Fund whenever uniform proportionate changes are made in the par values of the currencies of all member countries in accordance with Part C of Section 3 of this Article.

Article V.

Capital Transactions

Section 1. Use of the Resources of the Fund for Transfers of Capital.

Why el?

The resources of the Fund shall not be used by any member country for the purpose of financing exports of capital (which are deemed by the Fund to be excessive or part of a sustained movement of capital out of such country, and the Fund may suspend such country from further use of the resources of the Fund until it establishes controls adequate to prevent excessive or sustained exports of capital.

Nothing contained in this Section is intended to prevent the use of the resources of the Fund for capital transfers of reasonable amounts required for the expansion of exports or in the ordinary course of trade, banking and other business.

Nothing contained in this Section is intended to prevent capital exports which are financed out of a member country's own resources of gold and foreign exchange, provided that such capital exports are in accordance with the purposes and policies of the Fund.

Section 2. Limitation on Controls of Capital Movements.

Slight emphasis

Except as provided in Article VI, Section 2, and Article X, Section 2, no member country shall control international capital movements in a manner which will restrict payments arising from current international transactions or which will unduly delay transfers

J.S. V, 1
[rephrased
in form]

J.S. V, 2

of funds in settlement of international commitments.

Article VI

Apportionment of Scarce Currencies

Section 1. Declaring Member Currencies to Be Scarce.

Whenever, in the opinion of the Fund, it is evident that the probable demand of member countries upon the Fund for the provision of the currency of a particular member country may soon exhaust the holdings of the Fund of such currency, the Fund shall:

J.S. VI, 1

Changes derived from P.P. V 4, 57

Why in article 1
from V. 5

- (a) Promptly send to all member countries a declaration that such currency is scarce; and
- (b) Prepare and distribute to all member countries a report setting forth the causes of the scarcity, recommending a course of action which is designed to terminate the scarcity, and proposing an equitable method of apportioning the holdings of the Fund of the scarce currency.

Section 2. Action of Member Countries with Respect to Scarce Currencies.

Notwithstanding the provisions of Article V, Section 2, and Article X, Section 2, member countries after consultation with the Fund may temporarily restrict exchange transactions in any currency declared by the Fund to be scarce, (within territory subject to their respective jurisdictions.) The manner in which any member country restricts the demand for a scarce currency or apportions the supply of a scarce currency, shall be completely within the discretion of such member country.

J.S. VI, 2

Why in article 2

?

*Explicit here
implies no authority
in other places*

Article VII
Management

Section 1. Location of Offices.

The principal office of the Fund shall be located in the United States of America, but agencies or branch offices may be established in any member country or member countries under by-laws, rules or regulations promulgated by the Board of Directors.

RFC Act, sec. 1
Inter-Am. Bank, By-laws 1
NEW

Section 2. Votes of Member Countries.

Each member country shall have one hundred votes plus one additional vote for the equivalent of each one million United States dollars of the weight and fineness in effect on January 1, 1944 of its quota, provided, however, that no member country shall cast more than twenty per cent of the aggregate votes.

J.S. VII, 2
P.P. VI, 2
NEW

*de
Sullivan*

John

Section 3. Board of Directors.

Part A. Composition.

There shall be a Board of Directors consisting of one director and one alternate appointed by each member country in such manner as it may determine. Directors and alternates shall serve for a period of five years, subject to the pleasure of their respective governments, and may be reappointed. The Board of Directors shall select its own chairman who shall serve as such for a period of two years.

J.S. VII, 1
P.P. VII, 1

Inter-Amer. Bank
By-laws, 3
NEW

Part B. Powers.

The management of the Fund shall be vested in the Board of Directors. The votes of each member country shall be cast by the director representing such country but in his absence his alternate shall be entitled to cast them. The alternate may otherwise participate in the activities of the Board of Directors.

J.S. VII, 2
NEW

Part C. Majority Rule.

Except as provided in the final paragraph of Article II, Section 3, in Article IV, Section 3, Part C, and in Article XI all

P.P. VI, 4
NEW

*Review
only*

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matters before the Board of Directors shall be decided by a majority of the votes cast.

Part D. Compensation.

Directors and alternates shall serve as such without compensation from the Fund, but the Fund shall pay such reasonable expenses as are incurred by the directors and alternates in attending any meetings of the Fund or any committee of the Fund.

Part E. Delegation of Powers.

The Board of Directors may delegate to any officer or committee the exercise of any of the specified powers of the Board of Directors except the power to make uniform proportionate changes in the par values of the currencies of all the member countries and the power to amend this Agreement. Unless otherwise specified by the Board of Directors, delegated powers shall be exercised only until the next regular meeting of the Board of Directors, and shall be exercised in a manner consistent with the purposes and policies of the Fund and the general practices of the Board of Directors.

Section 4. The Managing Director.

The Board of Directors shall appoint and fix the compensation of a Managing Director of the Fund and one or more Assistant Managing Directors. The Managing Director shall be chief of the operating staff of the Fund and, unless otherwise a member of the Board of Directors, shall be a member ex officio.

Section 5. The Executive Committee.

Part A. Composition and Powers.

There shall be an Executive Committee consisting of the Managing Director and ten directors or alternates elected annually by the Board. The Managing Director shall be chairman of the Committee. The Committee shall exercise all authority delegated to it by the Board of Directors, and shall be in continuous session at the principal office of the Fund. In the

NEW

VI, 8
NEW

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delegation
Committee*

*Review
Order*

VI, 5
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*Why not
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*Amendment
to Board
may be
made
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meet*

J.S. VII, 1
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absence of any member of the Committee, his alternate may act in his place. Whenever an alternate is elected to the Committee, the member country he represents shall appoint a second alternate whose sole function shall be to act as a member of the Committee in the absence of the director or regular alternate of such country. The Board of Directors shall fix the compensation of members of the Committee.

Part B. Method of election.

In the election of the Executive Committee, each director shall cast for one director all of the votes to which he is entitled under Section 2 of this Article. If the number of votes which may be cast by any director exceeds ten per cent of the aggregate votes, the excess shall be cast for a second proposed member, who may be an alternate. The ten persons receiving the greatest number of votes shall be members of the Committee, except that no person who receives less than eight per cent of the aggregate votes shall be considered elected. When ten persons are not elected on the initial balloting, a second balloting shall be held in which there shall be eligible to participate only those directors who voted for a person not elected and those directors all or part of whose votes for a person elected are deemed to have raised the votes cast for such person above ten per cent of the aggregate votes. In determining whether any part of a director's votes raised the total of any person above ten per cent, there shall be considered as not forming part of the excess the votes of the director casting the largest number of votes for such person, then the votes of the director casting the next largest number, and so on until the total reaches ten per cent. Any director whose votes are partly not in excess and partly in excess shall be eligible to vote in the second balloting only to the extent of the votes in excess. If enough additional persons are not elected on the second balloting to

bring to ten the total number each of whom has received at least eight per cent of the aggregate votes, further ballots shall be taken on the same principles until ten such persons have been elected, provided that after nine persons are elected the tenth may be elected by a simple majority of the remaining votes.

Part C. Majority rule.

All matters before the Executive Committee shall be decided by a majority of the votes cast. Each member shall have one vote except that the Chairman shall be entitled to vote only when the votes of the other members are tied.

Section 6. Quarterly Statements.

The Fund shall publish quarterly, as of the first day of January, April, July and October, a statement of its position showing the holdings of the Fund of the currencies and securities of each member country and of gold, and the transactions of the Fund in gold during the preceding quarter.

Section 7. Distribution of Profits of the Fund.

Net profits of the Fund shall be distributed annually in the following manner:

- (a) Fifty per cent to a surplus reserve until such surplus reserve is equal to ten per cent of the aggregate quotas; and
- (b) Fifty per cent to the member countries in proportion to their quotas.

When the surplus reserve has reached ten per cent of the aggregate quotas, all of the profits shall be distributed to the member countries in proportion to their quotas.

Section 8. Miscellaneous Powers.

In order to carry out its purposes and policies, the Fund, through the Board of Directors, shall have the following powers:

NEW

Put this in cover

Annual Report
Learner
of laws
Conf. Jan 7
40

Chunxi
F. M. B.

2
VI, 12
NEW

Opinion

Amendments

V, 1
NEW
V, 1
NEW

V, 10
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V, 15
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Inter-Amer. Bank
Charter, 6
NEW

NEW

REF Act
Sec 4
NEW

- (1) To buy, sell, hold, earmark and transfer gold;
- (2) To buy, sell, hold and deal in the currencies of member countries;
- (3) To borrow the currencies of member countries upon such terms and conditions as the Fund deems advisable;
- (4) To levy annually upon each member country, in proportion to its quota, charges sufficient to meet the expenses of operating the Fund, but not to exceed one-tenth of one per cent per annum of the quota of each member country, such charges to be payable by each member country in its own currency;
- (5) To adopt, alter and use an official seal;
- (6) To make contracts;
- (7) To acquire, own, lease or dispose of such real and personal property as may be necessary to conduct the business of the Fund;
- (8) To sue and be sued, complain and defend, in any court of competent jurisdiction;
- (9) To select, employ and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to conduct the business of the Fund; to define their authority and duties, require bonds of them and fix the penalties thereof, and to dismiss at pleasure such officers, employees, attorneys, and agents;
- (10) To promulgate, amend, and repeal by-laws, rules and regulations governing the manner in which the general business of the Fund may be conducted and the powers granted to the Board of Directors may be exercised and enjoyed, together with provision for such committees and the functions thereof as the Board of Directors

Consolidated

911

*Carry over
purpose of
agreement
not inconsistent*

etc

may deem necessary for facilitating the business of the Fund; and

Inter-Amer. Bank
Charter, 2
NEW

(11) All incidental powers necessary and proper to carry out the powers now or hereafter expressly authorized herein.

Article VIII

Withdrawal of Member Countries

Section 1. Right of Member Countries to Withdraw.

Any member country may withdraw from membership in the Fund at any time by serving written notice to that effect on the Fund at its principal office.

J.S.VIII, 1

Suggestion + how to act

Section 2. Settlement of Accounts with Withdrawing Member Countries.

Within a reasonable time after the receipt of notice served in accordance with Section 1 of this Article, the Fund and the withdrawing member country shall liquidate their reciprocal obligations.

The Fund shall return to such withdrawing country an amount in the currency of such country equal to its quota, plus any other amounts due to such country from the Fund, and minus any amounts due to the Fund from such country. In addition, if, at the time such country withdraws from the Fund, the assets of the Fund have been reduced below the sum of the quotas of all the member countries, including the withdrawing country, there shall be deducted from the amount due to such country as a return of its quota, a pro rata share of such reduction. If, at the time such country withdraws from the Fund, the Fund has accumulated a surplus reserve out of net profits, there shall be distributed to such country in its own currency a pro rata share of such accumulated surplus reserve. When a member country withdraws and the amount of its currency held by the Fund is not sufficient to liquidate the net obligation of the Fund to such country, the balance shall be paid in gold. When a member country withdraws and the amount of its currency held by the Fund is greater than the amount needed to liquidate the net obligation of the Fund to such country, the Fund shall not make any liquidation payment until such excess currency has been disposed of in accordance with Section 3 of this Article.

Section 3. Transactions in the Currency of a Country Withdrawing from the Fund.

After a member country has served notice of its withdrawal from the Fund, in accordance with Section 1 of this Article, the Fund shall not dispose of its holdings of the currency of such country except:

J.S. VIII,2

New:
P.P. VI, 11

New

J.S. VIII,3

Contingency
liquidation
G.F.M.B.

Gold
liquidation

(a) In accordance with arrangements made under Section 2 of this Article for the liquidation of the respective obligations of the Fund and such country; or

(b) To the extent that the holdings of the Fund of such currency exceed the amount required to meet the obligations of the Fund to such country.

Old J.S. 12 ii

Section 4. Use of the Resources of the Fund by a Country Withdrawing from the Fund.

After a member country has served notice of its withdrawal from the Fund in accordance with Section 1 of this Article, it shall use the resources of the Fund only with the approval of the Fund, except that this limitation shall not apply to any transactions necessary to liquidate the respective obligations of the Fund and such country.

J.S. VIII, 3
[Amplified]

Article IX

Additional Undertakings on the Part of Member Countries.

Section 1. Purpose and Scope of Additional Undertakings.

In order to support the activities of the Fund and to foster the accomplishment of its purposes and policies, each member country, in addition to commitments appearing elsewhere in this Agreement, undertakes the performance of and agrees to the stipulations set forth in this Article. This undertaking and agreement shall be binding upon each member country during any periods of ineligibility as well as during periods of eligibility to use the resources of the Fund.

New:
Questions &
Answers, 21

except withdrawal

Section 2. No Gold Purchases Except at Parity Prices.

No member country shall buy gold with its own currency at a price more than _____ per cent above the par value of such currency,

J.S. IX, 1

Why not J.S.

nor shall any member country sell gold for its own currency at a price more than _____ per cent below the par value of such currency.

Section 3. No Foreign Exchange Dealings Except at Par Values.

No member country shall allow within its jurisdiction exchange transactions in currencies of other member countries except within _____ per cent of the rates of exchange determined on the basis of the par values of such currencies.

J.S. IX, 2

Section 4. No Exchange Controls on Current Payments.

No member country shall, without the approval of the Fund, impose restrictions on payments for current international transactions within any territory subject to its jurisdiction, provided that this stipulation shall not prevent the imposition of restrictions upon:

J.S. IX, 3

- (a) International capital movements in accordance with Article V, Section 2;
- (b) Exchange transactions in scarce currencies in accordance with Article VI, Section 2; or
- (c) Exchange transactions during the early post-war transition period in accordance with Article X, Section 2.

Section 5. No Discriminatory or Multiple Exchange Practices.

J.S. IX, 3

No member country shall, without the approval of the Fund, engage in any discriminatory currency arrangements or in any multiple currency practices.

Section 6. Restrictions on Taxation of Fund or Its Assets.

The Fund and its assets of whatsoever nature; its activities, transactions and operations; any obligations of whatsoever nature issued by the Fund, including dividends or interest thereon, by whomsoever held; any remunerations or salaries paid by the Fund;

New:
Inter-Amer. Bk.
Charter II e

shall be exempt and immune from all taxation by any member country or any political subdivision or taxing authority of any member country now or hereafter imposed and by whatever name described, including, without limitation of the foregoing, excises, duties and imposts; provided, however, that the foregoing shall not prevent the imposition by any member country or any political subdivision or taxing authority of any member country of non-discriminatory taxes upon nationals of such member country with respect to any of the foregoing.

Section 7. Restrictions on Attachments of Assets of the Fund.

The Fund and its assets of whatsoever nature shall wheresoever located and by whomsoever held, be exempt and immune from requisition, seizure, attachment, execution, confiscation, moratoria and expropriation; provided, however, that the foregoing shall not prevent any member country from attaching or levying execution, subject to any prior lien or claim of the Fund, upon its admitted or adjudicated claims against the Fund or upon property admitted or adjudicated to be held by the Fund for such member country.

Section 8. Furnishing of Information to the Fund.

Each member country shall furnish the Fund with all information necessary for the operations of the Fund in the form and at the times requested by the Fund.

Section 9. Consideration of Recommendations of the Fund.

Each member country shall give consideration to the views and recommendations of the Fund on any existing or proposed monetary or economic policy of such member country which tends, or may tend,

New:
Inter-Amer. Bk.
Charter II A

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P.P. VII, 7

New:
P.P. VII, 6

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X, 2
IS

to produce a serious disequilibrium in the balances of international payments of member countries.

Article X

Transitional Arrangements

Section 1. Disequilibrium Arising Out of the Present War.

Since the Fund is not intended to provide facilities for relief or reconstruction, or to deal with international indebtedness arising out of the present war, the agreement of any member country to the provisions of Article III, Section 7, and Article IX, Sections 4 and 5, shall not be binding upon such member country until it is satisfied as to the arrangements at its disposal to facilitate the settlement of the balance of payment differences during the early post-war transition period by means which will not unduly encumber the right of such member country to use the resources of the Fund.

Section 2. Exchange Restrictions Maintained.

Notwithstanding the provisions of Article III, Section 7, and Article IX, Sections 4 and 5, member countries may, during the early post-war transition period, maintain and adapt to changing circumstances exchange regulations of the character which have been in operation during the present war, but the member countries maintaining such regulations undertake to withdraw by progressive stages, as soon as possible, all restrictions on exchange transactions which impede multilateral international clearing on current account. In their policy with respect to exchange transactions, member countries maintaining such regulations shall pay continuous regard to the purposes and policies of the Fund and shall take all possible measures to develop commercial and financial relations with other member countries which will facilitate international payments and the maintenance of exchange stability.

Don't fully understand difference between Sec. 1 and Sec. 2

J.S. I, 1

Does this belong to agreement
Should decide before starting

J.S. X, 2

Section 3. Withdrawal of Exchange Restrictions.

J.S. X, 3

The Fund may at any time make representations to any member country that conditions are favorable for the withdrawal of particular restrictions on exchange transactions or for the general abandonment of restrictions on exchange transactions which are inconsistent with Article IX, Sections 4 and 5. Not later than three years after the date on which the operations of the Fund commence, any member country still maintaining restrictions on exchange transactions inconsistent with Article IX, Sections 4 and 5 shall consult with the Fund concerning the advisability of continuing to maintain such restrictions.

Section 4. Policy of the Fund During the Transition Period.

J.S. X, 4

In its relations with member countries, the Fund shall recognize that the early post-war transition period will be one of change and adjustment, and in making decisions on requests presented by any member country it shall give the benefit of any reasonable doubt to such country.

Article XI

Amendments

The formula for the determination of quotas set forth in Article II, Section 2, may be amended by the Fund whenever four-fifths of the aggregate votes deem it advisable.

[Handwritten signature]

New:
1933 Convention
on Sanitary
Aerial Navigation
Malloy 5503

Any member country which desires to introduce modifications in this Agreement shall communicate its proposals to the Fund. The Fund, if four-fifths of the aggregate votes deem it advisable, shall prepare a protocol, by dated circular letter, to the governments of all the member countries, asking whether they accept the proposed modifications. The accession of the government of a member country will result either from explicit approval given to the Fund or from the fact that it refrains from notifying the Fund of any objections within six months from the date of the circular letter above referred to. When the expressed or tacit accessions

include the governments of member countries having four-fifths of the aggregate votes, the Fund shall certify the fact by means of a procès verbal which it shall communicate to the governments of all the member countries. *Unless otherwise stated* The protocol will enter into force between all the member countries after a period of three months from the date of the procès verbal.

Article XII

Interpretation of the Agreement

New:

All disagreements between two or more member countries concerning the interpretation of any of the provisions of this Agreement or of any amendments thereto, or of any rules, regulations or by-laws promulgated by the Fund, shall be settled by the Fund.

Article XIII

Final Provisions

Section 1. Acceptance of Membership in the Fund.

New:

This Agreement shall be presented by the delegates to their respective governments for acceptance of membership. Each government that accepts membership shall, as soon as possible, deposit evidence of its acceptance with

1936
Limitation of
Naval Armament
Malloy 5559

*When signed by the
the B. ...*

the Government of the United States of America, which shall transmit certified copies of all evidences of acceptance to the governments of all the countries that sent delegates to the meeting at which this Agreement was concluded.

New:
1928
Kellogg-Briand
Peace Pact
Malloy 5132

The Government of the United States of America shall also notify by telegram, cablegram or radiogram the governments of all of such countries immediately upon the deposit with it of each evidence of acceptance.

Section 2. Effective Date of the Convention.

Too high?

New:
1930
Limitation of
Naval Armament
Malloy 5282

As soon as the evidences of the acceptance of the United States of America, the United Kingdom, the Union of Soviet Socialist Republics, the Republic of China, and ten of the other countries that sent delegates to the meeting at which this Agreement was concluded have been deposited, this Agreement shall come into force in respect of the said countries.

New:
1929
International
Air Transporta-
tion
Malloy 5259

Thereafter this Agreement shall come into force between the countries which shall have accepted membership and each country which subsequently deposits its evidence of acceptance on the date of such deposit.

Section 3. Calling the Initial Meeting of the Fund.

*What
do not we
form?
Country
Australia
shall
call*

Immediately after receipt of the evidences of acceptance of the countries referred to in the first paragraph of section 3 of this Article, the Government of the United States of America shall invite to the initial meeting of the Fund, to be held in Washington thirty days after the date of said invitation, all of the countries which shall have accepted membership in the Fund.

Section 4. Order of Business.

At the initial meeting of the Fund the first order of business shall be as follows:

- (a) The Fund shall agree with each member country upon the par value of its currency expressed in terms of gold; and
- (b) The Fund shall set a date for the commencement of its operations.

Section 5. Expiration of Final Provisions.

Sections 1 and 2 of this Article shall expire on December 31, 194 .

In faith whereof the respective delegates have signed this Agreement.

Done at Washington the ___ day of _____, nineteen hundred and forty-four, in a single copy, which will remain deposited in the archives of the United States of America; and of which certified copies will be transmitted through the diplomatic channel to the other countries that sent delegates to the meeting at which this Agreement was concluded.