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4/24/45

Secretary Morgenthau

Mr. Luxford

For your information

Attached is a first draft of the Amendments that appear to be necessary to cover the points raised by Jesse Wollcott (my memo to you on 4/23/45). You will note that I have also suggested possible language to meet some of Judge Vinson's points.

I am circulating copies of the attached to Messers D. W. Bell, Gaston, O'Connell, White, Bernstein and Feltus.

(Initialed) A. F. L.

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4/28/45

Proposed Amendments to H. R. 2211 to
Satisfy Wolcott's points

1. CED Proposal: A new section will be added, entitled
"STABILIZATION LOANS BY THE BANK":

"Sec. 13. If the management of the Bank does not interpret its powers under the Articles of Agreement as authorizing the Bank to make or guarantee loans for programs of economic and monetary reconstruction which may include long-term stabilization loans, the governor and executive director of the Bank appointed by the United States are hereby directed to propose and support an amendment to the Articles of Agreement for the purpose of explicitly authorizing the Bank, after consultation with the Fund, to make or guarantee such loans. The President is hereby authorized and directed to accept such amendment on behalf of the United States."1/

2. Council Proposal:

Section 4 is amended to read as follows:

"NATIONAL COUNCIL ON INTERNATIONAL MONETARY
AND FINANCIAL PROBLEMS"

"Sec. 4. (a) There is hereby established the National Council on International Monetary and Financial Problems (hereinafter referred to as the Council), consisting of the Secretary of the Treasury, as Chairman, the Secretary of State, the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System and the Foreign Economic Administrator. The Council shall act under the general direction of the President and in accordance with such policies as the Congress may prescribe from time to time.

1/ Text approved by White 4/21/45.

(b) The United States representatives on the Fund and Bank shall keep the Council fully informed of their activities and shall act in a manner consistent with general policies established by the Council. Except as otherwise provided in section 5 of this Act, the Council is hereby authorized, through the appropriate United States representative on the Fund and Bank, to give or refuse the approval, consent, or agreement of the United States whenever, under the Articles of Agreement of the Fund or the Bank, such approval, consent or agreement of the United States is required before any act may be done by the respective institutions. No representative of the United States shall, without prior consultation with the Council, vote in favor of any waiver of conditions under article V, section 4 or in favor of any declaration of the United States dollar as a scarce currency under article VII, section 3, of the Articles of Agreement of the Fund.^{2/}

Wolcott also appeared to want language along the following lines:

"(c) The Council, with the approval of the President, is also directed to coordinate the activities of all departments and agencies of the United States relating to international monetary and financial matters to the end that the policies of the United States in these fields should be integrated and uniform."^{3/}

The above language would be objectionable to Judge Vinson who wants the Council to be advisory to the President and to omit reference to Congress. While I did not discuss the

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^{3/} White does not like this but does not object if it is of "significant help in winning Wolcott's support" - memo 4/21/45 as corrected.

"coordinating" idea with him, his general approach would suggest probable disapproval. If we were to attempt to meet Judge Vinson's position substantially, the above language would need to be modified along the following lines (underscoring indicates additions - brackets indicate omissions):

Section 4 is amended to read as follows:

"NATIONAL ADVISORY COUNCIL ON INTERNATIONAL
MONETARY AND FINANCIAL PROBLEMS"

"Sec. 4. (a) There is hereby established the International Monetary and Financial Council (hereinafter referred to as the Council), consisting of the Secretary of the Treasury, as Chairman, the Secretary of State, the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System and the Foreign Economic Administrator. [The Council shall act under the general direction of the President and in accordance with such policies as the Congress may prescribe from time to time.]

(b) The United States representatives on the Fund and Bank shall keep the President and the Council fully informed of their activities and shall act in a manner consistent with general policies established by the President after consultation with the Council. Except as otherwise provided in section 5 of this Act, the [Council] President, after consultation with the Council, is hereby authorized, through the appropriate United States representative on the Fund and Bank, to give or refuse the approval, consent, or agreement of the United States whenever, under the Articles of Agreement of the Fund or the Bank, such approval, consent or agreement of the United States is required before any act may be done by the respective institutions. [No representative of

the United States shall, without prior consultation with the Council, vote in favor of any waiver of conditions under article V, section 4 or in favor of any declaration of the United States dollar as a scarce currency under article VII, section 3, of the Articles of Agreement of the Fund.]"

3. One Person as Governor of Both Fund and Bank:

Section 3: Section 3 is amended to read as follows:

"Sec. 3. (a) The President, by and with the advice and consent of the Senate, shall appoint one governor to represent the United States on both the Fund and the Bank, an executive director of the Fund and an executive director of the Bank. The executive directors so appointed shall also serve as provisional executive directors of the Fund and the Bank for the purposes of the respective Articles of Agreement. The term of office for the governor shall be five years and for the executive directors two years but the executive directors shall remain in office until their successors have been appointed.

(b) The President, by and with the advice and consent of the Senate, shall appoint one or two alternates for the governor and one alternate for each of the executive directors. Alternates for the executive directors shall be selected by the President from names recommended to him by the executive directors.

(c) No person shall be entitled to receive any salary or other compensation from the United States for services as a governor, executive director, or alternate."^{4/}

^{4/} In his memo of 4/21/45 White said: "*** I would not feel too strongly about having one governor appointed to act on both Fund and Bank board of governors, though I think that, too, would not be a wise move."

4. Revision of Information Provision:

Section 9 is amended to read as follows:

"OBTAINING AND FURNISHING INFORMATION"

"Sec. 9. So long as the United States is a member of the Fund, the President may require at any time, in the manner and under the penalties provided in Section 5(b) of the Trading with the enemy Act (U.S.C., title 50, App. Sec. 5), as amended, the furnishing of any data that may be requested by the Fund under Article 8, Section 5, of the Articles of Agreement of the Fund." 5/

5. Points Omitted:

The following principal points were included in the original bankers' proposals but are not included in this proposal:

- (a) one man as executive director of both institutions.
- (b) naming a banker to proposed Council and excluding the Secretary of Commerce.
- (c) directives to Council on policy to be pursued by American representatives on Fund and Bank.
- (d) requirement that Council report to Congress on whether institutions are following policies inconsistent with those prescribed by Congress and to make recommendations on their consolidation, etc., at end of two years.
- (e) express reservation of the right of the United States to withdraw at any time.

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