

SUGGESTIONS ON BY-LAWS AND RULES AND REGULATIONS
OF THE INTERNATIONAL MONETARY FUND

1. Alternative to Treasury By-Laws, Section 8

The Executive Directors are authorized by the Board of Governors to exercise all the powers of the Board of Governors except those reserved to the Board by Article XII, Section 2 (b), of the Articles of Agreement, the power to approve of submitting a proposed amendment of the Articles of Agreement to the member governments, the power to determine the remuneration of the Executive Directors, the power to increase the number of Executive Directors, the power to determine the salary and terms of contract of the Managing Director, and the power to amend the By-Laws of the Fund or to amend any regulations or resolutions approved by the Board of Governors.

2. Alternative to Treasury By-Laws, Section 16 and 17

Gold depositories of the Fund shall be established in the following cities:

All depositories of the Fund shall carry out transactions in gold or currency on behalf of the Fund only when so directed by the Fund.

3. Redraft of Federal Reserve By-Laws (Article IX)

In all cases where the power to make a decision on a matter is reserved for the Board of Governors under the terms of these By-Laws, whether the matter arises as the result of a request or proposal of a member or on the initiative of the Executive Directors, a report analysing the question shall be prepared and submitted to the Managing Director and the report, accompanied by the recommendations of the Managing Director and the Executive Directors, shall if possible be submitted to each Governor prior to the meeting of the Board of Governors at which the question is to be discussed. If the Executive Directors consider it advisable to obtain a vote on the question without calling a meeting of the Board a brief statement of the recommendations of the Managing Director and Executive Directors shall be telegraphed to each Governor.

In the case of applications for membership the Fund shall consult with the Economic and Social Council of the United Nations and shall inform the Governors of the position taken by the Economic and Social Council.

4. Alternatives to T.R. 1, 2, 3, 4, and 5 were in F.R.B. draft of By-Laws dated September 12, 1945.

5. Alternative to T.R. 6, Submitted as a Regulation

In order to be consistent with the actual wording of the Agreement it appears necessary to change the wording of the second paragraph of T.R. 6 as follows: In the third and sixth line change the words "75

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per cent of the quota" to read "the original currency subscription." No country shall gain any votes as a result of repurchase by it of the excess of its currency subscription over 75 per cent of its quota.

6. Alternative to T.R. 7, Submitted as a Regulation

The Executive Directors shall appoint standing committees, each of which shall include at least one Executive Director, to make recommendations to the Executive Directors. He shall appoint standing committees in charge of Research, Operations, Relations with Members on Exchange Rates, Relations with Members on Exchange Restrictions, Relations with the International Bank, Relations with the Economic and Social Council, and such other standing committees as he deems necessary for the conduct of the business of the Fund.

In the case of the above named committees the Assistant Director in charge of each of the described matters shall be a member of the corresponding standing committee.

The Executive Directors shall appoint such other special committees as they deem necessary for the conduct of the business of the Fund.

Any Director or Alternate may attend meetings of any committee.

7. Alternative to last sentence of T.R. 8 and last paragraph of T.R. 20, Submitted as a Regulation

The Managing Director is authorized to issue Administrative Orders for the guidance of the staff but all such orders shall be subject to review by the Executive Directors.

NOTE: It is doubtful whether any regulation on administrative orders is necessary.

8. Alternatives to T.R. 9, 10, and 11 were in F.R.B. draft of By-Laws dated September 12, 1945.

9. Alternative to T.R. 12, 13, 14, 15, 16, 18, and 19, Submitted as a Regulation

The Managing Director, with the approval of the Executive Directors, shall appoint a General Counsel, an Assistant Director in charge of Research, an Assistant Director in charge of Operations, an Assistant Director in charge of Relations with Members on Exchange Rates, an Assistant Director in charge of Relations with Members on Exchange Restrictions, an Assistant Director in charge of Relations with the International Bank, an Assistant Director in charge of Relations with the Economic and Social Council, and such other Assistant Directors as he deems necessary for the conduct of the business of the Fund. Each Assistant Director shall be responsible to the Managing Director and shall carry out his duties under the general supervision of the Managing Director.

The salaries of these officials shall be approved by the Executive Directors.

NOTE: It is doubtful whether any regulation relating to Assistant Directors is necessary.

10. Note the following as to T.R. 17 and T.R. 20 through 24.

T.R. 17	No alternative suggested
T.R. 20	Seems unnecessary
T.R. 21, 22, 23	No alternatives suggested
T.R. 24	In F.R.B. By-Laws

11. Alternative to T.R. 25

After the words "agreed parities" add "unless the foreign exchange value of any currency has depreciated to a significant extent. In such cases the currency shall be valued on the books of the Fund at the foreign exchange value as determined by the Fund." See Articles of Agreement, Article IV, Section 8 (b).

12. On T.R. 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, and 42 no alternatives suggested

13. Alternative to T.R. 43 submitted in F.R.B. By-Laws draft dated September 12, 1945

14. On T.R. 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, and 54 no alternatives suggested

15. Alternative to T.R. 55

The Fund shall sell currencies for gold or other currencies only on the basis of a written or telegraphic request in verified code from a designated fiscal agent of the member.

16. No alternatives suggested on T.R. 56, 57, 58, 59, 60, 61, 62, 63, and 64

17. Alternative to T.R. 65

Change "Committee on Transactions" to read "Committee on Operations."

18. Alternative to T.R. 66, Submitted as a Regulation

Within 10 days after the end of the Fund's financial year each member shall report to the Fund the data necessary to calculate its repurchase obligation under Article V, Section 7 (b) (i).

On the basis of the reports submitted by members the Fund shall inform each member how much of its currency it is required to repurchase under Article V, Section 7 (b) (i), to what extent payment is to be made in gold and in each convertible currency, and the date on which payment is to be made.

Two weeks before the date on which members will be required to make any payments due under Article V, Section 7 (b) (i), each member shall report to the Fund the data necessary to calculate its repurchase obligation under Article V, Section 7 (b) (ii), and the Fund shall inform the member a week before payments are due under Section 7 (b) (i) how much of its currency it is required to repurchase under both Sections 7 (b) (i) and 7 (b)(ii) and the date on which the repurchase is to be made.

NOTE: Perhaps it is not necessary to have such a detailed regulation but it seems advisable to consider the fact that the wording of the Agreement seems to require that payments due under Sections 7 (b) (i) and 7 (b) (ii) must be at least calculated in such a way as to consider the effect of the limits in Section 7 (c) on required repurchases under Section 7 (b) (i) before beginning to calculate required repurchases under Section 7 (b) (ii).

19. No alternatives suggested to T.R. 67 and 68

20. Alternative to T.R. 69, Submitted as a Regulation

On the first day of the Fund's financial year, and every three months (month), thereafter, the Fund shall notify each member of the charges due on balances of its currency held by the Fund during the preceding quarter (month). Such charges shall be paid within 15 days after the date of the notice.

In calculating the charges due at the end of each quarter (month) on balances of a member's currency held by the Fund, the Fund shall use average daily balances for the quarter (month) just ended as compared to average daily balances for previous quarters (months). Sales of a member's currency by the Fund shall always be considered as sales of that part of the member's currency acquired by the Fund in the most recent quarter (month). The one-half per cent increases for subsequent years shall apply to any part of any subsequent year.

21. No alternatives suggested to T.R. 70, 71, 72, and 73

22. Submitted as a Regulation

At the end of each financial year each member shall inform the Fund as to all sales of gold for currencies of other members which it has made outside the Fund, and shall furnish to the Fund such details on the transactions as the Fund may require. See Article V, Section 6, of the Articles of Agreement.

23. Submitted as a Regulation

The margin above and below par value for gold transactions by members shall be _____.

24. Submitted as a Regulation

Within one month after a member has communicated the par value of its currency to the Fund in accordance with Article XX, Section 4, it shall furnish to the Fund the data necessary to determine its net official holdings of gold and United States dollars as of the date of notification by the Fund that it will shortly be in a position to begin exchange transactions. The Fund shall notify the member as to the amount of its subscription to be paid in gold within a period of one month after receiving the data furnished by the member.

No member may purchase currencies from the Fund until it has paid its total gold and currency subscription to the Fund unless the data necessary to determine the member's net official holdings of gold and United States dollars are not ascertainable in which case the procedure outlined in Article III, Section 3 (d), is followed.

25. Is not some regulation or by-law necessary to determine how the Fund meets any expenses not covered by the initial payment to meet administrative expenses or the income of the Fund?

Treasury Department
Division of Monetary Research

Date.....September 18, 1945

To: Mr. White

From: E. M. Bernstein

Congressman Kilburn called to say that one of his friends who is the president of the Robert Morris Associates (credit men of the commercial banks) has asked him to secure one of the top administration people for a speech at a meeting in Buffalo on October 26. The meeting will be attended by the credit representatives of banks from some 20 states.

I told Mr. Kilburn I would put the question to you.

This would be a good opportunity for Secretary Vinson to make a speech urging the banks to provide the credit necessary for reconversion and full employment. He could also bring out the necessity of providing this credit on terms consonant with the lower pattern of interest rates that has prevailed in the past few years.

Do you think that Secretary Vinson would be interested in making this speech? If you do, will you make the inquiry?

International Organizations
3. ~~Bank~~ Represented

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The Economic and Social Council of the United Nations is authorized to be represented at the meetings of the Board of Governors and Executive Directors, and the representative of the Council may participate in such meetings, but shall have no vote. The Executive Directors are authorized to arrange with the International Bank for Reconstruction and Development to send a representative of the Bank to meetings of the Board of Governors and Executive Directors who may participate in such meetings, but shall have no vote.

8. Report of Managing Director

The Managing Director shall prepare for presentation at the annual meeting of the Board of Governors an annual report in which he shall discuss the operations and policies of the Fund and make recommendations to the Executive Directors and the Board of Governors on the problems confronting the Fund.

15. Delegation of Authority

The Executive Directors are authorized by the Board of Governors to exercise all the powers of the Fund except those reserved to the Board by Article XII, Section 2(b) and other provisions of the Articles of Agreement.

13. Executive Directors on Full Time Basis.

A. The Executive Directors and their Alternates shall devote their full time to their duties as Executive Directors and Alternates.

B. The Executive Directors and their Alternates shall be regarded as full time officers of the Fund.

C. The Executive Directors and their Alternates shall be regarded as full time officers of the Fund, and they shall be paid salaries only for such time as they devote to the business of the Fund.

D. The Executive Directors and their Alternates shall be regarded as full time officers of the Fund, and no Executive Director or Alternate shall receive any salary from the Fund if he receives a salary or other compensation for personal services from any other source.

E. Executive Directors shall be entitled to six weeks leave of absence from the head office of the Fund each year and to such further extraordinary periods as the Executive Directors shall authorize by special resolution. Except in the case of an emergency, no Executive Director and his Alternate shall be simultaneously absent from the head office of the Fund. All leaves of absence by special resolution and attendance at all meetings of the Executive Directors shall be matters of public record.

No officer or regular employee appointed by the Fund shall be engaged in other lucrative employment or receive a salary or other compensation for personal services from any other source unless authorized by the Executive Directors.

No Executive Director or Alternate shall receive any salary from the Fund if he receives a salary or other compensation for personal services from any other source. In the event that any Executive Director elects not to accept a salary from the Fund, the Alternate to such Executive Director shall be entitled to the salary of an Executive Director in lieu of that as Alternate.