

I. Purposes and Policies of the Fund

The Fund will be guided in all its decisions by the purposes and policies set forth below:

1. To promote international monetary cooperation through a permanent institution which provides the machinery for consultation on international monetary problems.
2. To facilitate the expansion and balanced growth of international trade and to contribute in this way 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 Fund's resources available to them under adequate safeguards, thus giving members time to correct maladjustments in their balance 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.
5. To assist in the establishment of multilateral payments facilities on current transactions among member countries and in the elimination of foreign exchange restrictions which hamper the growth of world trade.
6. To shorten the periods and lessen the degree of disequilibrium in the international balance of payments of member countries.

Alternative A

Creation, Purposes and Policies of the International Monetary Fund.

# There is hereby established the International Monetary Fund, hereinafter referred to as the "Fund". It shall be guided in all its decisions by the following purposes and policies:

U.S. ] \* 1. To promote international monetary cooperation by providing permanent machinery for consultation on international monetary problems;

U.S. ] \* 2. To facilitate the expansion and balanced growth of international 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;

p. 1a

p. 3a

(Subdivisions 3 -6 same as in Joint Statement)

Alternative B

Purposes and Policies of the Fund.

The Fund will be guided in all its decisions by the purposes and policies set forth below:

1. To promote international monetary cooperation through a permanent institution which provides the machinery for consultation on international monetary problems.
2. To facilitate the expansion and balanced growth of international trade and to contribute to a high level of employment and real income which must be a primary objective of economic policy.
3. To make the Fund's resources available to members under adequate safeguards and to assist them to correct maladjustments in their balance of payments without resort to measures destructive of national or international prosperity.
4. To secure orderly changes in exchange rates among member countries where necessary to correct exchange disequilibrium, thus promoting exchange stability and avoiding competitive exchange depreciation.
5. To assist in the establishment of multilateral payments facilities on current transactions among member countries and in the elimination of foreign exchange restrictions which hamper the growth of world trade.
6. In accordance with the above principles, to shorten the periods and lessen the degree of disequilibrium in the international balance of payments of member countries.

Australia

p. 1a

Australia

p. 3a

Australia

p. 6a

Australia

p. 4a

Australia

p. 5a

Australia

p. 7a

Alternative C

(Add as subdivision 7)

7. To correlate procedures for exchange stability with a policy for the promotion of international investment by other international financial agencies and to evolve a working relationship with such agencies.

*Brazil*

X  
p. 8a

Alternative D

(Substitute for subdivision 2)

2. To facilitate the expansion and balanced growth of international trade, to assist in the fuller utilisation of the resources of economically underdeveloped countries and to contribute thereby to the maintenance in the world as a whole of a high level of employment and real income, which must be a primary objective of economic policy;

*India*

X  
p. 3a

Alternative E

(Add as subdivision 7)

7. To promote and facilitate the settlement of abnormal indebtedness arising out of the war.

*India*

X  
p. 9a

Alternative F

(Substitute for subdivision 4)

4. To promote exchange stability and avoid competitive exchange depreciation by securing, where necessary to correct exchange disequilibrium, orderly changes in exchange rates among member countries.

X  
p. 4a

June 27, 1944

Art. I

- lc -

Alternative G

(Substitute the following for subdivision 4)

- Norway*
4. To promote exchange stability.
  5. To avoid competitive exchange depreciation by securing, where necessary to correct fundamental disequilibria, orderly changes in par values of member currencies.
- ] X  
p. 4a

II. Subscription to the Fund

1. Member countries shall subscribe in gold and in their local funds amounts (quotas) to be agreed, which will amount altogether to about \$8 billion if all the United and Associated Nations subscribe to the Fund (corresponding to about \$10 billion for the world as a whole).

Alternative A

# Section . Countries Eligible for Membership.

The member countries of the Fund shall be those of the countries represented at the United Nations Monetary and Financial Conference whose governments accept membership in the Fund as provided in Article XIII.

U.S.

p.10a

Membership in the Fund shall be open to other countries at such times and in accordance with such rules as may be prescribed by the Fund.

\* Section . Quotas.

Each member country shall be assigned a quota. The quotas of the countries represented at the United Nations Monetary and Financial Conference shall be as follows, in terms of the United States dollar of the weight and fineness in effect on July 1, 1944.

U.S.

X  
p.11a

<u>Country</u>	<u>Quota</u>
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Quotas of other countries which become members of the Fund shall be determined by the Fund.

# Section . Time and Place of Payment.

Each country which becomes a member before the date fixed for the operations of the Fund to begin shall pay to the Fund at the appropriate depository the full amount of its quota on or before such date. Any country that becomes a member after such date shall pay 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 pay the full amount of the increase within thirty days of the date on which the country approves the increase in its quota.

U.S.

X  
p.13a

- 2 a -

Alternative B

[Supplement to Article II, Section I, Alternative A: It is suggested to add to the text:]

Notwithstanding the fundamental principles on payment of quotas particular arrangements may be made with countries whose currency system has been disrupted as a result of enemy occupation. Such arrangements may not extend over more than nine months i.e., after nine months, at the latest, the obligations of the country will be the same as they would have been if such an exception had not been granted. The government of the respective country has to guarantee by a specific act that the Fund will not suffer any loss because of that particular arrangement.

Czech

X  
p. 13a

2. The quotas may be revised from time to time but changes shall require a four-fifths vote and no member's quota may be changed without its assent.

Alternative A

\* Adjustment of Quotas.

U.S. The Fund shall examine, at intervals of five years, the need for adjustment of quotas. Changes in quotas shall require a four-fifths vote and the quota of a member country may not be changed without its consent. p.12a

3. The obligatory gold subscription of a member country shall be fixed at 25 percent of its subscription (quota) or 10 percent of its holdings of gold and gold-convertible exchange, whichever is the smaller.

Alternative A

\* Section . Initial Payments.

Each member country shall pay in gold the smaller of (a) twenty-five percent of its quota or (b) ten percent of its official holdings of gold and gold-convertible exchange on January 1, 1944. The data necessary to determine official holdings of gold and gold-convertible exchange shall be furnished by the member countries as provided in Article III, Section 11.

U.S.

p. 14b

Each member country shall pay the balance of its quota in its own currency.

# Section . Payments When Quotas Are Changed.

(a) Each member country whose quota is increased shall pay twenty-five percent of the increase in gold. Each member country shall pay the balance of any increase in its own currency.

U.S.

(b) Each member country whose quota is reduced shall receive from the Fund 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 percent of such country's new quota.

p. 15a

Alternative B

(Add at the end of Section 3)

"Any country represented at the United Nations Monetary and Financial Conference whose home areas have suffered from enemy occupation and hostilities during the present war, may reduce its gold payment to between seventy-five and fifty percent of the amount it would otherwise have to pay, dependent on the extent of the damage caused to it by the enemy occupation and hostilities."

U.S.S.R.

p. 14b



Alternative C

(Substitute for 3)

U.K. The obligatory gold subscription of a member country shall be fixed at 25 per cent of its subscription (quota) or 10 per cent of its monetary reserves whichever is the smaller.

(Change underlined: definition of monetary reserves (= net official holdings of gold and convertible exchange) in section on definitions)

Alternative D

(Add at end of 3)

U.S. Any country represented at the United Nations Monetary and Financial Conference whose home areas have suffered substantial damage from enemy action or occupation during the present war, may reduce its initial gold payment to \_\_\_\_\_ per cent of the amount it would otherwise have to pay.

III. Transactions with the Fund

1. Member countries shall deal with the Fund only through their Treasury, Central Bank, Stabilization Fund, or other fiscal agencies. The Fund's account in a member's currency shall be kept at the Central Bank of the member country.

\* Alternative A

Agencies Dealing with the Fund.

91.5. Each member country shall deal with the Fund only through its Treasury, Central Bank, Stabilization Fund or other similar fiscal agency and the Fund shall deal only through the same agencies.

} x  
p. 26a

2. A member shall be entitled to buy another member's currency from the Fund in exchange for its own currency on the following conditions:

- (a) The member represents that the currency demanded is presently needed for making payments in that currency which are consistent with the purposes of the Fund.
- (b) The Fund has not given notice that its holdings of the currency demanded have become scarce in which case the provisions of VI, below, come into force.
- (c) The Fund's total holdings of the currency offered (after having been restored, if below that figure, to 75 percent of the member's quota) have not been increased by more than 25 percent of the member's quota during the previous 12 months and do not exceed 200 percent of the quota.
- (d) The Fund has not previously given appropriate notice that the member is suspended from making further use of the Fund's resources on the ground that it is using them in a manner contrary to the purposes and policies of the Fund; but the Fund shall not give such notice until it has presented to the member concerned a report setting forth its views and has allowed a suitable time for reply.

The Fund may in its discretion and on terms which safeguard its interests waive any of the conditions above.

Alternative A

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

A member country may buy the currency of another member country from the Fund in exchange for its own currency subject to the following conditions:

- U.S.
- (1) The member country initiating the purchase needs the currency requested for making payments in that currency which are consistent with the purposes and policies of the Fund;
  - \* (2) The Fund has not given notice under Article VI that its holdings of the currency requested have become scarce;
  - \* (3) 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 percent of the quota of such country) have not increased during the previous twelve months by more than twenty-five percent of the quota of such country and do not exceed two hundred percent of the quota; and
  - (4) The Fund has not previously declared under this Article that the member country initiating the purchase is ineligible to use the resources of the Fund.
- p. 28c

The Fund may, in its discretion, waive any of these conditions on terms which safeguard its interests, including the requirement of such collateral or other security as it deems appropriate.

Section . Declaring Member Countries Ineligible to Use the Resources of the Fund.

U.S.

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 a report setting forth the views of the Fund and stating a suitable time for reply. If no reply is received within the stated time, or the reply received is unsatisfactory, the Fund may, after giving reasonable notice to the country, declare it ineligible to use the resources of the Fund. After presenting a report to a member country under the last sentence of this section, the Fund may limit the use of its resources by the country.

p. 29a

Alternative B

[Add\*at the end of subdivision (a):]

*Canada* "If the Fund's holdings of the currency of a member country have remained below 75 per cent of its quota for a period not less than six months such member country shall be entitled, notwithstanding the provisions of V, 1, to buy another member's currency from the Fund for its own currency for any purpose, including capital transfers, provided, however, that purchases for capital transfers may not have the effect of raising the Fund's holdings of the currency of such member above 75 per cent of its quota."

p. 28c

Alternative C

[Add in place of subdivision (c):]

*Australia* (c) The Fund's total holdings of the currency offered (after having been restored, if below that figure, to 75 per cent of the member's quota) have not been increased by more than 33-1/3 per cent of the member's quota during the previous 12 months and do not exceed 200 per cent of the quota.

p. 28c

June 28, 1944

Art. III  
Sec. 2

- 6c -

Alternative D

(Amend subdivision (a) as follows:)

*Czech*  
It is suggested to change the term "consistent with the purposes of the Fund" to "consistent with the purposes and provisions of the Fund."

p.28c

Alternative E

(Amend subdivision (d) as follows:)

*French*  
The total holdings of the Fund in the currency of the member country initiating the purchase shall not exceed 125% of the quota during the first, 150% of the quota during the second, 175% of the quota during the third year of the operations of the Fund in that particular currency and 200% thereafter.

p.28c

3. The operations on the Fund's account will be limited to transactions for the purpose of supplying a member country on the member's initiative with another member's currency in exchange for its own currency or for gold. Transactions provided for under 4 and 7, below, are not subject to this limitation.

\* Alternative A

Limitation on the Operations of the Fund.

Unless otherwise provided in this Agreement, 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 transactions or for gold.

U.S.

X  
p. 27a

4. The Fund will be entitled at its option, with a view to preventing a particular member's currency from becoming scarce:

- (a) To borrow its currency from a member country;
- (b) To offer gold to a member country in exchange for its currency.

Alternative A

Operations for the Purpose of Preventing Currencies from becoming Scarce.

U.S.  
The Fund may, if it deems such action appropriate to prevent the currency of any member country from becoming scarce, take either or both of the following steps:

- (1) Propose to the member country that it lend such currency to the Fund or, with the approval of the member country, borrow such currency within that country from some other source, but no member country shall be under any obligation to lend its currency to the Fund or to approve the Fund's borrowing its currency from any other source.

\* (2) Offer to buy the currency of that member with gold.

Alternative B

(Substitute for III, 4(b))

Netherlands  
To sell gold to a member country in exchange for its currency.

p. 37a

p. 37a



5. So long as a member country is entitled to buy another member's currency from the Fund in exchange for its own currency, it shall be prepared to buy its own currency from that member with that member's currency or with gold. This shall not apply to currency subject to restrictions in conformity with IX, 3 below, or to holdings of currency which have accumulated as a result of transactions of a current account nature effected before the removal by the member country of restrictions on multilateral clearing maintained or imposed under X, 2 below.

\* Alternative A

Multilateral International Clearing.

A member country shall be entitled to sell the currency of a second member country to such member and obtain payment in its own currency or gold so long as the second member country can buy the currency of the first from the Fund with its own currency.

This requirement shall be without prejudice to exchange restrictions which are authorized under this Agreement or requested by the Fund, and shall not apply to holdings of currencies of member countries which have accumulated as a result of transactions of a current account nature effected before the removal by the member country of restrictions on payments or transfers maintained or imposed during the early post-war transition period.

U.S.

p. 4/6

- 9 a -

Alternative B

U.K.  
3. To buy balances held with it by another member with that member's currency or, at the option of the member buying, with gold, if that member represents either that the balances in question have been currently acquired or that their conversion is needed for making current payments which are consistent with the provisions of the Fund. This obligation shall not relate to transactions involving:

- (a) capital transfers, except those transactions referred to in the second and third sentences of V(1):
- or (b) holdings of currency which have accumulated as a result of transactions effected before the removal of the member country of restrictions on multilateral clearing maintained or imposed under X(2) below:
- or (c) the provision of a currency which has been declared scarce under VI above:
- or (d) holdings of a currency which has been illicitly obtained:
- p. 446

nor shall it apply to a member who has ceased to be entitled under III(2) or VIII above to buy other members' currencies from the Fund in exchange for its own currency.

[To be transferred to Article IX as Section 3]

June 27, 1944  
DF-1

Art. III  
Sec. 5

- 9 b -

Alternative C

[Substitute the following for (c) in ~~Alternative B~~]

*Czech.*

- (c) "Holdings of currency acquired as a result of dealings which by the country's exchange regulations are considered illicit."

X  
p. 446

[Provision (c) which appears in Alternative B should follow as (d)]

June 27, 1944

Art. III  
Sec. 5

- 90 -

Alternative C

(with respect to Alternative B;)

It is suggested to add to "alternative B" instead of (c):

*Czech.* "Holdings of currency acquired as a result of dealings, which by the country's exchange regulations are considered illicit," and change the old (c) into (d), etc.

X  
p. 446

6. A member country desiring to obtain, directly or indirectly, the currency of another member country for gold is expected, provided that it can do so with equal advantage, to acquire the currency by the sale of gold to the Fund. This shall not preclude the sale of newly-mined gold by a gold-producing country on any market.

\* Alternative A

• Acquisition by Member Countries of the Currencies of Other Member Countries for Gold.

U.S.  
Any member country desiring to obtain, directly or indirectly, the currency of another member country for gold shall, provided that it can do so with equal advantage, acquire the currency by the sale of gold to the Fund. Nothing in this Section shall be deemed to preclude any member country from selling in any market the new production of gold from mines located within territory subject to its jurisdiction.

X  
p. 30a

7. The Fund may also acquire gold from member countries in accordance with the following provisions:

- (a) A member country may repurchase from the Fund for gold any part of the latter's holdings of its currency.
- (b) So long as a member's holdings of gold and gold-convertible exchange exceed its quota, the Fund in selling foreign exchange to that country shall require that one-half of the net sales of such exchange during the Fund's financial year be paid for with gold.
- (c) If at the end of the Fund's financial year a member's holdings of gold and gold-convertible exchange have increased, the Fund may require up to one-half of the increase to be used to repurchase part of the Fund's holdings of its currency so long as this does not reduce the Fund's holdings of a country's currency below 75 percent of its quota or the member's holdings of gold and gold-convertible exchange below its quota.

Alternative A

Other Acquisitions of Gold by the Fund

\*(a) Any member country may at any time repurchase with gold any part of its currency held by the Fund.

U.S.  
(b) So long as a member country's official holdings of gold and gold-convertible exchange exceed its quota, the Fund in selling to that country the currencies of other member countries shall require that one-half of such sales be currently paid for in gold.

If during any financial year of the Fund, the payments in gold under this provision exceed one-half of the net sales by the Fund to such country, the Fund shall arrange to repurchase the currency of that country with gold to the extent of the excess.

\*(c) If at the end of any financial year of the Fund the official holdings of gold and gold-convertible exchange of any member country have increased, the Fund may require up to one-half of the increase during the year to be used to repurchase with gold part of the holdings of the Fund of the currency of such country provided that the repurchase will not reduce the holdings of the Fund of the currency of such country below seventy-five percent of its quota, or the official holdings of gold and gold-convertible exchange of such country below its quota.

After  
p. 31  
when  
revised

Alternative B

(Add at the end of (b))

*U.S.S.R.* This provision shall not be applied during five year period from the beginning of the operations of the Fund to member countries who suffered particularly great damage from enemy occupation and hostilities.

(Add at the end of (c))

*U.S.S.R.* This provision shall not be applied during the period of restoration of economy to the newly-mined gold of member countries, whose home areas particularly suffered from enemy occupation and hostilities.

*add after p.31*

Alternative C

Part 1

(Substitute for subdivisions (b) and (c))

U.K. (b) If, at the end of the Fund's financial year, a member's monetary reserves exceed its quota, and the Fund's holdings of its currency have increased, the Fund may require that it shall use a part of these reserves to re-purchase its currency up to the point when its reserves have fallen by an amount not less than the amount by which, after this adjustment, the Fund's holdings of its currency have increased. Furthermore, if, after this adjustment (if called for) has been made a member's monetary reserves have increased during the year, the Fund may require it, whether or not the Fund's holdings of its currency have increased during the year, to use half of this increase for a further re-purchase of its currency from the Fund; provided, always, that these adjustments do not bring its reserves below its quota and the second adjustment does not bring the Fund's holdings of its currency below 75 percent of its quota.

(Or alternatively, substitute for both subdivisions)

(b) If, at the end of any year, a member's monetary reserves after deducting its holdings of convertible exchange exceed its quota, and if the Fund's holdings of its currency exceed 75 percent of its quota, the Fund may require it to use its holdings of gold to reduce the Fund's holdings of its currency by half of the excess of such holdings over 75 percent of its quota.

add after p. 31

Constitution

Alternative C

Part 2.

(Add at end of section:)

U.K. ( ) In estimating the amount of a member's monetary reserves for the purpose of the preceding paragraph, its holdings of a foreign currency, which has become convertible for the first time during the year in question, shall not be counted, provided that and insofar as the member possessed these holdings at the beginning of that year.



- 11 c -

Alternative D

(Substitute for (c))

*Belgium*

(c) If at the end of any financial year of the Fund, the official holdings of gold and gold-convertible exchange of any member country have increased as compared to that member's official holdings of gold and gold-convertible exchange at the moment of joining the Fund, the Fund may require . . .  
etc. . . . .

X  
*after*  
*p. 31*

ALTERNATIVE *p E*

(Substitute for subdivision (b))

*Greece*

So long as a member's holdings of gold and gold-convertible exchange exceed its quota, the Fund in selling foreign exchange to that country shall require that one-half of the net sales of such exchange during the Fund's financial year be paid for with gold or gold-convertible exchange. The Fund, however, may in its discretion waive this condition with respect to any particular country if its application would reduce the facilities accorded by the Fund to that country in a way contrary to the purposes and policies of the Fund and in particular to the purpose stated in I(3).

*X  
ajk  
p.31*