

ADDRESSED TO: Treasury Representative, Washington
 FROM: Treasury, London
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 O.T.P.

I M M E D I A T ECAMER 65

Following for Eady.

India Select Committee on Bretton Woods have asked urgently for H.M.G. views on the following:-

- (1) As Russia has not joined as original member, will India be entitled to appoint executive director?
- (2) If Russia becomes member before appointment and election of directors, does India lose right to appoint executive director?
- (3) If Russia joins after first appointment and election of executive directors and before next elections, will India executive director have to vacate office and India lose directorship until next election?

Answer to (1) is clearly affirmative. We believe (2) will not arise in practice. Answer to (3) depends on rights of Russia to appoint executive director, which in theory can be subject to conditions under Article II(2); but it is fantastic to suppose that Russia would join under conditions which preclude her from voice in executive affairs for balance of a two-year period. On the other hand I need not emphasise seriousness of a situation in which India might at any moment lose title to appointed representative without being able to use her powers to elect a director until next election comes round. This is manifestly unjust, and Beckett points out that the agreement nowhere expressly provides for displacement in such circumstances.

India Office are replying briefly in sense of above, but that resulting situation is obviously unsatisfactory, and the issue might well be raised at Savannah.

We suggest the matter ought to be discussed with White as soon as possible. Any amendment of articles should cover not only this but similar difficulty if an appointing member leaves the fund. Under present wording it looks as though number six would then not only be able to appoint a director but could also either retain elected director or (under XII(3)(f)) exercise elective power for remainder of that term. We will consider with Beckett possible amendments of words and telegraph again.

CIRCULATION

Treasury Delegation
 Mr. R.B. Stevens
 Sir W. Eady
 Mr. R. Makins

ACTION: Sir W. Eady

CAMER 65

FILE NO: 19-17-1

January 18, 1946

MEMORANDUM

To: Messrs. White, Coe, and Bernstein
From: Mr. Luxford

I think you may be interested in the attached memorandum prepared by Mr. Brenner indicating his views on the status of India in the event Russia becomes a member of the Bank and Fund and demands one of the appointive Executive Directorships.

He concludes that India would lose the seat until the next election and thus be left without representation. We may want to discuss this matter further since it might become a very hot question at the time of the election.

Attachment

CC: Messrs. Brenner & DuBois