

April 24, 1946.

Mr. Luxford

Mr. Brenner

There is attached a redraft of the contract of employment of the Managing Director. I have made all of the changes which I think improve it but in addition would prefer to see the whole contract in the form of a letter like the Schramm letter. If you would prefer to have the contract in that form, it can be changed rather easily. My principal reason for favoring the Schramm type of letter is that it refers to the employee as "you" instead of repeating his name frequently. It is also less legalistic and will be easier for a foreigner to understand.

The following changes have been made in the draft:

(1) The "whereas" clauses have been omitted. They are not necessary and do not appear to add anything to the contract.

(2) Paragraph 1(a) has been slightly reworded.

(3) In paragraph 3 the words "Governor, Executive Director, alternate, or officer" have been substituted for the word "official". This is the terminology used in the immunities and privileges portion of the Articles of Agreement and seems more appropriate.

(4) In connection with paragraph 4, you may wish to consider whether the Managing Director should receive some compensation from the Fund during the two-year period in which his activities are limited by reason of confidential information secured during his term of office.

(5) In paragraph 8 reimbursement for the cost of moving to and from the seat of the Fund has been limited to one move as provided by Section 14(c) of the By-Laws.

(6) In paragraph 10 the definition of immediate family has been clarified to include personal servants.

(7) Paragraph 11 has been rewritten and consequential changes have been made in paragraph 12. I think the original wording was confusing and have tried to find a simpler formula. In addition, the new provision covers the tax problem for the first and last years of the contract.

(8) The provisions of paragraph 14 concerning reimbursement for expenses has been clarified to make it clear that the currency in which reimbursement is to be made is that which the Managing Director was required to use, and not just the currency which may have been spent. For example, if the Managing Director goes to England but has no sterling account and must convert dollars into sterling in order to meet his expenses, the expenses have been incurred in sterling but he should be entitled to reimbursement in dollars. This was not clear from the original draft.

(9) Terminal pay provided for by paragraph 18 should also be net of taxes and a reference has been added to paragraph 11 to make this clear. The same thing is true of amounts due the former Managing Director provided for in paragraph 19.

(10) I have added to paragraph 19 provisions for payment of terminal leave and expenses.

(11) The vacation provisions in paragraph 21 have been changed. There appears to be an inequity in allowing accumulation of leave only for the next succeeding year. I believe it is simpler to put a top ceiling on annual leave and have selected 62 days as the proper amount. A reference to Sundays, holidays and non-working days has been added.

(12) In paragraph 27 the agreement has been made subject to the laws of the District of Columbia rather than those of the place where the head office is located. If, during the term of the contract, the head office should be moved to Maryland or Virginia, difficulties which might arise can be avoided by being more specific.