

UNITED STATES TREASURY DEPARTMENT
Philippine Office, Foreign Funds Control
Manila, P. I.

Letter No. 268
11 September, 1945

Mr. Harry D. White
Assistant Secretary of the Treasury
Washington, D. C.

Dear Mr. White:

We enclose for your information copies of the proposed bill for the participation of the Philippines in the International Monetary Fund and the International Bank for Reconstruction and Development, together with the accompanying message of President Cagasa. The Message and Bill were sent to the Congress on 8 September, 1945.

Sincerely yours,

/s/ Fred E. Smith

FRED E. SMITH
U. S. Treasury Representative

FBS/ugb

ACTION: Mr. E. M. Bernstein

Distributed to: Mr. Coo (Friedman), Mr. Hoffman, Mr. Brons (3),
9/21/45 Mr. Hoflich, Mr. Richards, Mr. O'Flaherty,
Mr. Koskovic, Mrs. M. Schwartz, Mr. E. M.
Bernstein, Mrs. Reddington (for filing).

Brennan —

Anderson-Arnold

First Congress of the Philippines)

Second Special Session)

HOUSE OF REPRESENTATIVES

H. NO. _____

Introduced by

AN ACT TO PROVIDE FOR THE PARTICIPATION OF THE COMMONWEALTH OF THE PHILIPPINES IN THE INTERNATIONAL MONETARY FUND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND APPROPRIATING FUNDS THEREFOR.

En it enacted by the Senate and House of Representatives in Congress assembled:

1 SHORT TITLE

2 SECTION 1. This Act may be cited as the "Bretton
3 Woods Agreements Act."

4 ACCEPTANCE OF MEMBERSHIP

5 SEC. 2. The President or his designated representa-
6 tive is hereby authorized to accept membership for the
7 Commonwealth of the Philippines in the International
8 Monetary Fund (hereinafter referred to as the "Fund"),
9 and in the International Bank for Reconstruction and
10 Development (hereinafter referred to as the "Bank"),
11 provided for by the Articles of Agreement of the Fund
12 and the Articles of Agreement of the Bank as set forth
13 in the Final Act of the United Nations Monetary and Fi-
14 nancial Conference dated July 22, 1944, and deposited in
15 the archives of the Department of State of the United
16 States.

17 APPOINTMENT OF GOVERNOR, ALTERNATE

18 AND MANAGING DIRECTOR

19 SEC. 3. The President, with the consent of the Com-
20 mission on Appointments, shall appoint a governor of the
21 Fund and Bank and an alternate. The term of office of

1 each shall be five years. The governor or his alternate,
2 as the President may determine, is authorized to serve
3 as an executive director of the Fund or the Bank. No
4 person shall be entitled to receive any salary or other
5 compensation from the Commonwealth of the Philippines
6 for services as a governor, alternate, or executive di-
7 rector.

8 REPORTS

9 SEC. 4. The President from time to time, but not
10 less frequently than every six months, shall transmit to
11 the Congress a report with respect to the participation
12 of the Commonwealth of the Philippines in the Fund and
13 Bank.

14 CERTAIN ACTS NOT TO BE TAKEN WITHOUT AUTHORIZATION

15 SEC. 5. Unless Congress by law authorized such ac-
16 tion, neither the President nor any person or agency shall
17 on behalf of the Commonwealth of the Philippines (a) re-
18 quest or consent to any change in the quota of the Common-
19 wealth of the Philippines under Article III, section 2,
20 of the Articles of Agreement of the Fund; (b) propose or
21 agree to any change in the par value of the Philippine
22 peso under Article IV, section 5, or Article XI, section
23 4, of the Articles of Agreement of the Fund, or approve
24 any general change in par value under Article IV, section
25 7; (c) subscribe to additional shares of stock under Arti-
26 cle II, section 3, of the Articles of Agreement of the
27 Bank; (d) accept any amendment under Article XVII of the
28 Articles of Agreement of the Fund or Article VIII of the
29 Articles of Agreement of the Bank; (e) make any loan to
30 the Fund or the Bank. Unless Congress by law authorizes
31 such action, no governor or alternate appointed to repre-

1 sent the Commonwealth of the Philippines shall vote for
2 an increase of capital stock of the Bank under Article
3 II, section 2, of the Articles of Agreement of the Bank.

4 PAR VALUE OF PHILIPPINE PISO

5 SEC. 6 When the Commonwealth of the Philippines
6 is requested by the Fund to communicate the par value
7 of the Philippine peso, such par value shall not be com-
8 municated as other than one half of a United States
9 dollar of the weight and fineness in effect on July 1,
10 1944.

11 DEPOSITORIES

12 SEC. 7. The National Treasury or any bank author-
13 ized by law to transact business in the Philippines which
14 is requested to do so by the Fund or the Bank shall act
15 as its depository or as its fiscal agent. The Secretary
16 of Finance shall supervise and direct the carrying out
17 of these functions by the depository.

18 PAYMENT OF SUBSCRIPTIONS

19 SEC. 8. (a) Article VII, Chapter 41, of the Revised
20 Administrative Code is hereby amended by adding a new
21 section which shall read as follows:

22 "SECTION 1626-A. The provisions of existing law to
23 the contrary notwithstanding, the National Treasurer is
24 directed to use an amount not in excess of Fifteen million
25 United States dollars of the 'Treasury Certificate Fund'
26 established in this Article to pay the subscription of
27 the Commonwealth of the Philippines to the Fund. The
28 investment of the Commonwealth of the Philippines in the
29 Fund shall be deemed a part of the 'Treasury Certificate
30 Fund' and any repayment of the principal of said invest-
31 ment shall be payable only to the 'Treasury Certificate

1 Fund."

2 (b) The sum of Six million pesos is hereby appro-
3 priated out of any funds in the National Treasury not
4 otherwise appropriated, for the payment of the first
5 part of the subscription of the Commonwealth of the Philip-
6 pines to the Bank. The Secretary of Finance is author-
7 ized to issue special notes of the Commonwealth of the
8 Philippines from time to time at par and to deliver such
9 notes to the Bank in payment of the first part of the
10 subscription to the Bank to the extent permitted by the
11 Articles of Agreement of the Bank. The notes in which
12 such payment may be made, shall bear no interest, shall
13 be non-negotiable, and shall be payable on demand of
14 the Bank, out of funds herein appropriated, the Common-
15 wealth of the Philippines guarantees the payment of the
16 remaining part of its subscription to the Bank as called
17 by the Bank.

18 (c) Any payment made to the Commonwealth of the
19 Philippines by the Fund or the Bank as a distribution
20 of net income shall be covered into the National Treasury
21 as a miscellaneous receipt. In the event of the liquida-
22 tion of the Bank, the amounts due the Commonwealth of
23 the Philippines as a result of its investment in the
24 shares of the Bank shall be covered into the National
25 Treasury as a miscellaneous receipt.

26 OBTAINING AND FURNISHING INFORMATION

27 SEC. 9. (a) Whenever a request is made by the Fund
28 to the Commonwealth of the Philippines as a member to
29 furnish data under Article VIII, section 5, of the Articles
30 of Agreement of the Fund, the President may, through any
31 agency he may designate, require any person to furnish
32 such information as the President may determine to be

1 essential to comply with such request. In making such
2 determination the President shall seek to collect the
3 information only in such detail as is necessary to comply
4 with the request of the Fund. No information so acquired
5 shall be furnished to the Fund in such detail that the
6 affairs of any person are disclosed.

7 (b) It shall be unlawful for any officer or employee
8 of the Government, or for any advisor or consultant to
9 the Government, to disclose, otherwise than in the course
10 of official duty, any information obtained under this
11 section, or to use any such information for his personal
12 benefit. Whoever violates any of the provisions of this
13 subsection shall, upon conviction, be fined not more
14 than Five thousand pesos, or imprisoned for not more than
15 five years, or both in the discretion of the court.

16 (c) The term "person" as used in this section means
17 an individual, partnership, corporation or association.

18 JURISDICTION AND VENUE OF ACTIONS

19 SEC. 10. For the purpose of any action which may
20 be brought within the Philippines by or against the Fund
21 or the Bank in accordance with the Articles of Agreement
22 of the Fund or the Articles of Agreement of the Bank, the
23 Fund or Bank, as the case may be, shall be deemed to be
24 a resident of the province or city in which its branch
25 office in the Philippines is located, and any such action
26 to which either the Fund or the Bank shall be a party
27 shall be deemed to arise under the Laws of the Philippines,
28 and the Court of First Instance shall have original juris-
29 diction of any such action.

30 SEASIDE, IMMUNITIES, AND PRIVILEGES

31 SEC. 11. The provisions of Article IX, sections

1 2 to 9, both inclusive, and the first sentence of Article
2 VIII, section 2(b), of the Articles of Agreement of the
3 Fund and the provisions of Article VI, section 5(1), and
4 Article VII, sections 2 to 9, both inclusive, of the Ar-
5 ticles of Agreement of the Bank shall have full force
6 and effect in the Philippines upon acceptance of member-
7 ship by the Commonwealth of the Philippines in, and the
8 establishment of, the Fund and the Bank, respectively.

9 SEC. 12. All laws or parts of laws inconsistent
10 with this Act are hereby repealed.

11 SEC. 13. This Act shall take effect upon its approval.

12 Approved.

September 8, 1945

GENTLEMEN OF THE CONGRESS:

I am submitting for your consideration and early approval a bill, entitled -

AN ACT TO PROVIDE FOR THE PARTICIPATION OF THE COMMONWEALTH OF THE PHILIPPINES IN THE INTERNATIONAL MONETARY FUND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND APPROPRIATING FUNDS THEREFOR.

Recognizing the importance of international cooperation in the development of world trade and also the extent of the reconstruction problem to be faced following the defeat of the Axis powers, the late President Quezon appointed a delegation to represent the Commonwealth and to participate in the United Nations Monetary and Financial Conference called by the late President Roosevelt at Bretton Woods, New Hampshire, in July of 1944. At the conclusion of this important meeting the Philippine delegation signed the Final Act of the Conference which embodied the Articles of Agreement of the International Monetary Fund and the Articles of Agreement of the International Bank for Reconstruction and Development. Membership of the Philippines in the Fund and the Bank is, however, dependent upon the favorable action of Congress and the official acceptance of the Agreements in behalf of the Commonwealth.

The Bretton Woods program is an essential part of a larger program for the establishment of an enduring peace. The Charter of the United Nations drafted at San Francisco which has now been ratified, has as its objective the creation of a powerful organization for stabilizing the political relationships of nations. Bretton Woods pertains to the stabilization of international financial relationships.

The underlying purpose of the Monetary Fund is the furthering of international trade through the promotion of exchange stability and the ultimate elimination of exchange restrictions which have curtailed the foreign commerce of the nations of the world. It is clear that the attainment of these ends is greatly in the self-interest of the Philippines. The Fund's capital of \$8,800,000,000 is in the opinion of leading monetary experts, adequate for the fulfillment of these objectives. Of this amount

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the required investment of the Commonwealth is \$15,000,000.

In view of the destruction of our public utilities and industries and the need for their reconstruction and expansion, there are great advantages to the Philippines in membership in the International Bank. The Bank will have a capital of \$9,100,000,000 subscribed by 44 countries to facilitate long-term loans for rehabilitation and for the development of new sources of wealth. The investment of the Commonwealth is \$15,000,000. However, the necessary immediate outlay is only a small part of our total subscription.

The attached bill authorizing acceptance of the Bretton Woods Agreements, is modeled closely after the bill passed by the United States Congress and approved by President Truman on July 11, 1945. There is in my possession a copy of the Articles of Agreement of the Fund and the Bank, certified by the Honorable Cordell Hull, formerly Secretary of State for the United States. Reprints of the Agreements are appended hereto for the information of the Congress.

I recommend the immediate consideration and passage of this bill during the present Special Session of the Congress in order that the Commonwealth of the Philippines may qualify as an original member of both the Fund and the Bank.

Respectfully,

SERGIO OSORNA
President of the Philippines

The Congress
Manila