

FEB 6 1945

Dear Mr. Vest:

In connection with the discussion on the Bretton Woods legislation which we had in Mr. Eccles' office on January 30, 1945, I am enclosing a copy of S.J. Res. 18, introduced by Senator Kilgore on January 18.

You will note that the resolution calls for the establishment of a Foreign Economic Commission; that the functions of the Commission include the study and investigation of opportunities for and means of foreign economic collaboration in the field of monetary stabilization and international investment, as well as in other fields; and that the Commission shall be composed of thirty-two or thirty-three members selected from the Congress, the Administration and the public.

I know that we are in agreement as to the difficulties which would be encountered if a board or council similar to the Commission proposed by Senator Kilgore were created. I am calling this to your attention merely to point out that there is a serious possibility that a proposal for a more limited type of council might ultimately result in a completely unwieldy body.

Very truly yours,

(Signed) Ansel F. Luxford

Ansel F. Luxford  
Assistant to the Secretary.

Mr. George B. Vest  
Board of Governors  
Federal Reserve Board  
Washington, D. C.

Enclosure

RB:ec 2/5/45



SUGGESTED SUBSTITUTE FOR SECTIONS 4, 5, and 9  
OF DRAFT PREPARED BY LEGISLATIVE COUNSEL

International Financial Council

Sec. 4. (a) There is hereby established the International Financial Council (hereinafter referred to as the Council), consisting of not less than three nor more than five members who shall be the heads of the appropriate agencies of the Government to be designated by the President. Each member of the Council may designate from his agency an officer who may act for him in all matters relating to the Council. The Council shall act under the general direction of the President.

(b) The governors and executive directors of the Fund and the Bank and their alternates, appointed by or on behalf of the United States, shall keep the Council fully informed of their activities and shall act in a manner generally consistent with the views of the Council as to the financial and monetary policies of the United States. The governors and executive directors shall meet with the Council at frequent intervals, and whenever requested by the Council, a governor, or an executive director. Such meetings may, in the discretion of the Council, be held by the Council with the governors and executive directors of both the Fund and the Bank, or with the governor and executive director of either the Fund or the Bank.

(c) The governors and executive directors of the Fund and the Bank shall make reports to the Council with respect to the operations of the Fund and the Bank, respectively, at such times and covering such matters as the Council may require. The Council shall annually make a full report of its activities to the President and such report, copies of which shall be transmitted by the President to the Congress, shall include reports by the Governors of the Fund and the Bank respecting the operations of the Fund and the Bank and their participation therein.

(d) Except as otherwise provided in Section 5 of this Joint Resolution, the Council is hereby authorized, through the governors and executive directors of the Fund and the Bank, as the case may be, to give or refuse the approval, consent, or agreement of the United States whenever, under the Articles of Agreement of the Fund or the Articles of Agreement of the Bank, such approval, consent, or agreement is required before any act may be done by the Fund or the Bank, respectively.

(e) All communications or negotiations with the Fund or the Bank on behalf of the United States shall be made or conducted through the governor or executive director of the Fund and the governor or executive director of the Bank, respectively. Any action which may be



taken by any agency of the United States Government pursuant to or in order to carry out any provisions or purposes of the Articles of Agreement of the Fund or of the Bank shall be taken after consultation with the Council.

(f) The Council is hereby authorized, through any agency which it may designate, and under such rules and regulations as it may prescribe, to obtain from any person such data as in its judgment is necessary and essential for the guidance of the United States in its participation in the Fund and the Bank or as may be requested by the Fund under Article VIII, Section 5 of the Articles of Agreement of the Fund. Whoever wilfully violates any of the provisions of any rule or regulation issued under authority of this subsection shall, upon conviction, be fined not more than \$10,000, or, if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment, or both. As used in this subsection the term "person" means an individual, partnership, association, or corporation.

#### Certain Acts Not to Be Taken without Authorization

Sec. 5. Unless Congress by law authorizes such action, no person shall on behalf of the United States (a) request or consent to any change in the quota of the United States under Article III, Section 2, of the Articles of Agreement of the Fund; (b) approve any change in the par value of the United States dollar under Article IV, Section 5, of the Articles of Agreement of the Fund, or approve any general change in par values under Section 7 of that Article; (c) vote for an increase of capital stock under Article II, Section 2, of the Articles of Agreement of the Bank, or subscribe to additional shares or stock under Section 3 of that Article; (d) accept any amendment under Article XVII of the Articles of Agreement of the Fund or Article VIII of the Articles of Agreement of the Bank; (e) make any loan to the Fund under Article VII, Section 2, of the Articles of Agreement of the Fund.

2/7/45  
Copied 2/8/45

(This is the form of the latest draft of  
our suggestion regarding the Council.

(init) GBV

George B. Vest