

Feb. 7, 1945

Mr. Luxford

Mr. Brenner

There is attached a re-draft of the Federal Reserve Board's proposal for an International Financial Council. The changes are as follows:

- (1) In subsection (a) I have omitted a few words which seemed to be unnecessary.
- (2) In subsection (b) the Federal Reserve Board required the governors and executive directors to act in a manner "generally consistent with the views of the Council as to the financial and monetary policies of the United States". I changed this to provide that they shall act in a manner "consistent with general policies established by the Council". I also omitted the last two sentences which dealt with meetings of the Council.
- (3) I have substituted for their subsection (c) our present section 4 on reports with only one change. Our section requires the President to report to Congress on the activities of the United States and the governors and executive directors. I changed this to require reports on the activities of the Council and governors and executive directors. In view of the fact that subsection (b) requires the governors and executive directors to keep the Council fully informed of their activities, it is redundant to require reports to be made to the Council.
- (4) In subsection (d) the Board's proposal authorizes the Council to give or refuse the approval of the United States to certain actions of the Fund and the Bank. I have made the Council's action subject to the approval of the President.
- (5) Their subsection (e) required all communications or negotiations with the Fund or the Bank to be made through the governors or executive directors. I see no reason for this limitation and have omitted it. Their last sentence required consultation with the Council by agencies of the government that intend to take action "pursuant to or in order to carry out any provisions of" the Articles of Agreement. In view of the vagueness of this language I re-worded the sentence.
- (6) I omitted their section on obtaining and furnishing information. If it is desired to make this function a responsibility of the Council it can be done by re-wording our section 9 to begin "So long as the United States is a member of the Fund or of the Bank, the President, through the Council, may require, etc".

ALTERNATE FOR THE SECTION ON REPORTS

International Financial Council

Sec. 4. (a) There is hereby established the International Financial Council (hereinafter referred to as the Council), consisting of the Secretary of the Treasury, as chairman, the Secretary of State, the Chairman of the Board of Governors of the Federal Reserve System, and the heads of two additional agencies of the Government to be appointed by the President. Each member of the Council may designate from his department or 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 the United States, shall keep the Council fully informed of their activities and shall act in a manner consistent with general policies established by the Council.

(c) The President from time to time, but not less frequently than every six months, shall transmit to the Congress a report, with respect to the Fund and the Bank, of the activities of the Council, the governors and executive directors of the Fund and the Bank, and their alternates.

(d) Except as otherwise provided in Section 5 of this Act, the Council, with the approval of the President, 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) The heads of all agencies of the Government shall consult with the Council concerning the activities of their agencies that relate directly to the provisions of the Articles of Agreement of the Fund or the Articles of Agreement of the Bank.