

VIII. Interpretation of Articles of Agreement

Articles of Agreement: Art. XVIII

Interpretation

(a) Any question of interpretation of the provisions of this Agreement arising between any member and the Fund or between any members of the Fund shall be submitted to the Executive Directors for their decision. If the question particularly affects any member not entitled to appoint an executive director it shall be entitled to representation in accordance with Article XII, Section 3(j).

(b) In any case where the Executive Directors have given a decision under (a) above, any member may require that the question be referred to the Board of Governors, whose decision shall be final. Pending the result of the reference to the Board the Fund may, so far as it deems necessary, act on the basis of the decision of the Executive Directors.

1. Interpretation requested by U. K.

Resolution No. 5

Requesting Interpretation of Articles of Agreement
as to Question of Fundamental Disequilibrium

Resolved:

That the Executive Directors of the International Monetary Fund are invited, at the request of the Governor for the United Kingdom, pursuant to Article XVIII(a), to interpret Article IV, Section 5(f), as to whether, having regard to the intention of the Government of the United Kingdom to maintain full employment and to the terms of Article I(ii) and (v) of the Articles of Agreement, steps necessary to protect a member from unemployment of a chronic or persistent character, arising from pressure on its balance of payments, shall be measures necessary to correct a fundamental disequilibrium.

2. Interpretation requested by U. S.

Resolution No. 6

Requesting Interpretation of Articles of Agreement
as to Question of Fundamental Disequilibrium

Resolved:

That the Executive Directors of the International Monetary Fund are invited, at the request of the Governor for the United States of America, to interpret the Articles of Agreement, pursuant to Article XVIII(a), as to whether the authority of the Fund to use its resources extends beyond current monetary stabilization operations to afford temporary

assistance to members in connection with seasonal, cyclical and emergency fluctuations in the balance of payments of any member for current transactions, and whether the Fund has authority to use its resources to provide facilities for relief, reconstruction, or armaments, or to meet a large or sustained outflow of capital on the part of any member.

3. Interpretation requested by India

Resolution No. 7

Requesting Interpretation of Articles of Agreement as to Appointment of Executive Director

Resolved:

That the following point of interpretation raised by the Governor for India in regard to Article XII, Section 3(b)1 and Section 3(f) be referred to the Executive Directors for their decision in pursuance of Article XVIII (a) of the Articles of the International Monetary Fund namely:

That with reference to the Ad Hoc Committee's report on the position of the Executive Director for India adopted by your Governors at their meeting on the 15th of March and in view of the inconsistency between Sections 3(b)1 and Section 3(f) of Article XII that these sections be interpreted to mean that any member having one of the five largest quotas at the date of a regular election or at any date between regular elections shall be entitled to appoint an Executive Director who shall hold office until the next regular election without prejudice to the right of a subsequently admitted member to appoint a Director if it has one of the five largest quotas.

Resolution No. 10

Appointment of an Executive Director by India

There shall be one additional Executive Director who shall hold office until the second election of Executive Directors if, at any time before the second election, both of the following conditions exist:

1. There have been admitted to membership the governments of one or more countries not listed on Schedule A; and
2. The members not entitled to appoint Executive Directors, whose votes are not included in those entitled to be cast by Executive Directors holding office at the time the additional director is elected, have votes totaling 4,000.

Those members not entitled to appoint directors, whose votes are not included in those entitled to be cast by directors holding office at the time the additional director is to be elected, shall participate in the election. Each governor participating shall cast for one person all of the votes to which he is entitled, and a simple majority of the votes cast shall constitute election, but the director elected shall be deemed to be elected by all of the members eligible to participate. If no one receives a majority of the votes cast on the first ballot, additional ballots shall be held, and the candidate who received the lowest number of votes on the preceding ballot shall be ineligible for election.