INTERNATIONAL MONETARY FUND

Executive Board

Meeting 95

1818 H Street, N.W.

10:00 a.m., November 20, 1946

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Camille Gutt, Chairman

G.W.J. Bruins

J.V. Joshi
Y.C. Koo
Jean de Largentaye
J.V. Mladek
Louis Rasminsky
Ahmed Zaki Bey Saad

Harry D. White

Ernest de Selliers
Maurice H. Parsons

Raul Martinez-Ostos
B.K. Madan

Mihailo Kolovic

Mahmoud Saleh El Falaki
Octavio Bulhoes

Frank Coe, Secretary
Phillip Thorson, Assistant to the Secretary

Present for Item 2

E.M. Bernstein, Acting Director, Research Dept.
Miss Gertrud Lovasy

The Minutes of Meetings 90 and 91 were read and approved as revised.

1. Rental of Office Building.

The Managing Director presented proposals worked out with the President of the Bank for the rental of the office buliding at 1818 H Street for the Fund and Bank. He stated that the owner preferred to make a contract with one institution rather than both. Therefore it was proposed that the Bank undertake the rental and at the same time send a letter to the Fund ensuring joint occupancy.

The Executive Board agreed that the stated terms of the rental contract were reasonable and, together with the text of the proposed letter by the Bank, would be acceptable. The Managing Director was requested to notify the Bank.

2. Initial Consideration of Par Value - Czechoslovakia.

The Executive Board continued its discussion of the par value for the Czech koruna. It was indicated that the intention of Czechoslovakia to reimburse foreign investors for nationalized properties would, under proper arrangements, probably not impose any strain on the balance of payments.

The suggestion was made by an Executive Director that Czechoslovakia consider the desirability of requesting a postponement for agreement on its par value with a view to the possibility of appreciating the rate if present economic progress continues. He noted that a currency appreciation would greatly strengthen confidence in the currency internally and would help lay the ground work for attracting needed capital from other countries. He felt that if indications were given that the delay was for reasons of a possible appreciation, confidence in the currency would not suffer because of the delay. A discussion took place on this subject, and the probabilities of appreciation versus depreciation, and of possible ways of inducing foreign capital to take interest in a country where nationalization is in progress, was taken up. Mr. Mladek said that he would transmit the suggestion to his government, but he gave some reasons for which the government might be reluctant to postpone the decision of the par value.

The discussion was generally pursued on the assumption that the government would maintain the present par value but the Executive Board took no action pending receipt of a recommended rate from Czechoslovakia and consideration of other currencies.

Approved February 7, 1947