

CONFIDENTIAL

COMMITTEE ON RULES FOR THE 1992
REGULAR ELECTION OF EXECUTIVE DIRECTORS

Meeting 92/1

4:55 p.m., June 18, 1992

G. K. Arora, Chairman

Executive Directors

M. Al-Jasser
Che P.
C. S. Clark
T. C. Dawson

R. Filosa

I. Fridriksson
H. Fukui
B. Goos
J. E. Ismael

J.-P. Landau
A. Mirakhor
L. B. Monyake

C. V. Santos
A. Torres
A. Végh

Alternate Executive Directors

A. A. Al-Tuwaijri
L. E. N. Fernando
Wei B.

J. Prader
R. L. Knight
J. Papadakis
A. F. Mohammed
J. A. Solheim

B. Esdar

J. C. Jaramillo
I. Martel
O. Kabbaj
L. J. Mwananshiku
P. Wright
Z. Trbojevic

R. Marino
A. G. Zoccali

R. S. Franklin, Secretary
S. L. Yeager, Assistant

Also Present

Legal Department: W. E. Holder, Deputy General Counsel; J. K. Oh.
Secretary's Department: J. W. Lang, Deputy Secretary; C. P. Clarke,
B. R. Hughes, A. Jbili, A. Leipold, S. Tenney. Treasurer's Department:
D. Williams, Treasurer; S. I. Fawzi, O. Roncesvalles. Advisors to
Executive Directors: J. M. Abbott, M. A. Ahmed, B. R. Fuleihan,
M. Galán, A. Gronn, M. J. Mojarrad, M. Nakagawa, J.-C. Obame, A. Raza,
A. M. Tanasc. Assistants to Executive Directors: J. H. Brits,
Chen M., M. Da Costa, S. B. Creane, S. K. Fayyad, H. Golriz,
M. E. Hansen, K. Langdon, W. Laux, F. Moss, M. Mrakovcic, L. F. Ochoa,
P. L. Rubianes, S. Rouai, D. Sparkes.

1. 1992 REGULAR ELECTION OF EXECUTIVE DIRECTORS - ISSUES FOR CONSIDERATION

The Committee members considered a background paper on issues in respect of the 1992 Regular Election of Executive Directors (EB/GREED/92/1, 6/16/92). They also had before them background information relating to rules for the 1992 Regular Election of Executive Directors (EBD/92/102) as well as a paper on calculations related to additional appointed Executive Directors (EBD/92/122, 6/16/92).

The Chairman stated that the ad hoc Committee on Rules for the 1992 Regular Election of Executive Directors had been established to consider the forthcoming election of Directors, and to report to the Executive Board its findings, together with recommendations and draft regulations for eventual transmittal by the Executive Board to the Board of Governors for approval. In light of the complications and uncertainties surrounding the 1992 election, he considered that it might be best to begin deliberations by giving Committee members an opportunity to raise questions about, and exchange views on, various aspects of the 1992 election as they related to a number of important developments that had occurred since the previous election. It was hoped that such an approach would have the advantage of giving Committee members a common framework of understanding from which to make their recommendations. Two key elements of those recommendations would be the number of Executive Directors to be elected and the appropriate maximum and minimum percentages for election.

He wished to draw the attention of Committee members to the assurances given to developing countries by Switzerland prior to its accession to membership, the Chairman remarked. Members also had before them the recent communication that the Government of Switzerland had sent to the Fund.

Mr. Al-Jasser said that the staff papers provided ample background information and highlighted the important questions before the Committee. The most important was how to accommodate the representation in the Board of new and prospective members, and in particular, Switzerland.

It was especially important to reassert what had been asserted in previous election rules committees, namely, the desirability of maintaining the existing geographic balance in the Board, Mr. Al-Jasser considered. The key issue in that context was developing country representation. It had been interesting to read in the background paper that previous committees had emphasized that point in their reports, with particular emphasis on the importance of maintaining the two chairs for Africa. He strongly believed that the Committee should start by reasserting the importance of maintaining the existing representation of developing countries in the Board, and that it was important to do so because the institution had become universal and over the years had built up a great credibility in its economic advice and assistance with the membership. One way to maintain that credibility was to avoid giving any perception that any developing country constituency within the Board, or the representation at large of the developing countries, was

dispensable. Once that point had been reaffirmed, the Committee should then consider how best to accommodate the legitimate concerns of the new members.

Mr. Landau said that he fully supported the thrust of Mr. Al-Jasser's remarks. At the current stage, the Committee should agree on the general principles that would guide its work. In line with Mr. Al-Jasser's remarks, he would suggest three main principles.

The first was that adequate regional balance should be maintained--a desideratum that had been stated on numerous occasions and in previous Board of Governors resolutions, Mr. Landau commented. The second was that there should be no reduction in the representation of developing countries. In that connection, the Committee could take some comfort from two recent developments--the decision in principle to create a twenty-third seat on the Executive Board and the 1990 letter from the Swiss Government, which had been annexed to the resolution of the Board of Governors on the membership of Switzerland. The Swiss Government had made clear in the letter that it did not wish to see a reduction in the number of the developing country seats. Thus, the second principle had, in his view, already been recognized and should be a guide in the Committee's work. The third principle was that the structure of the Executive Board should not result in placing so heavy a burden on any one Executive Director that he would be unable to give adequate attention to the interests of all members of his constituency.

Mr. Mirakhor commented that both Mr. Al-Jasser and Mr. Landau had expressed his concerns. He supported the three principles that had been enunciated by Mr. Landau, particularly the third principle. It had to be recognized that nearly all of the 20 new member countries would be program countries and that any constituency that had to deal with a large number of those countries was likely to be overburdened.

The other two principles were extremely important in view of the support that the Board had given in the past to adequate regional balance, Mr. Mirakhor considered. It was equally important not to reduce the number of developing country chairs, especially as the balance of voting power in the Board had shifted against the developing countries. Even if the current balance were maintained, developing countries would have a weaker voice in the Board.

He urged the Committee to reach a quick decision on the issue in view of the enormous amount of uncertainty surrounding the 1992 election, Mr. Mirakhor commented. A timely decision would give the membership an opportunity to make any necessary adjustments in the composition of constituencies.

Mr. Dawson said that some of the principles that had been suggested appeared to be contradictory, if not impractical. His chair strongly believed that currently there was no regional balance in the Board, and in that connection, its position on the number of European chairs was well known. As to the idea that there should be no absolute reduction in the

number of developing country chairs, his chair certainly was not committed to the position taken by the Swiss Government, and it should also be noted that the letter received from the Swiss had been written prior to the agreement in principle to enlarge the Board to accommodate a prospective Russian chair.

It could easily be argued that the balance in the composition of the Board was shifting toward developing countries with the prospect of Russia attaining a separate chair, Mr. Dawson observed. That shift reflected the fact that the world was changing, and he was concerned to hear some speakers support the status quo in the Board in the face of a major upheaval in international relationships of the sort not witnessed since 1944. He did have some sympathy with the concerns about overburdening any individual constituency, but that consideration had little to do with the prospect of adding a twenty-fourth chair, because such an addition would not improve the balance of the work load. Instead, the burden needed to be spread as widely as possible among existing chairs. Although he understood that an amendment of the Articles of Agreement would be needed to allow appointed chairs to represent some of the new members, he could support that approach with a view to achieving a more even distribution of the work load.

He urged that in its deliberations, the Committee should not approach the issues posed by a rapidly changing world with an outdated, inflexible mindset that reflected the Cold War and the North-South divide, Mr. Dawson remarked. The Fund was remarkable in that it had avoided becoming a polarized institution. Indeed, almost all of the chairs that were not appointed were at the moment representing both creditors and borrowers. That fact mirrored the nature of the institution.

Mr. Mirakhor said that he wished to clarify that he was not talking about a polarization of the Board. Rather, he was concerned about effective representation, and about not diminishing the voices speaking on behalf of developing countries. Moreover, while he certainly agreed with Mr. Dawson that the world had changed, he did not consider that maintaining the status quo was at issue. Directors had, in fact, agreed to a twenty-third chair. The question instead was whether the Board would be structured in such a progressive way so that the developing countries, including a number of new members, would be effectively represented.

Mr. Landau observed that the letter from the Swiss authorities stated that the Government "does not intend to claim a seat to the detriment of developing countries. Besides, public opinion in Switzerland would oppose a weakening of positions already acquired by the developing countries." He could not imagine how that commitment would be altered by the addition of a Russian chair owing to unique historical developments.

Mr. Dawson said that he had not taken a position with respect to Switzerland; he had only noted that the letter had been written before the agreement in principle to enlarge the Board. In the opinion of his chair, the Board had been enlarged, in principle, to the benefit of the developing

countries. In that respect, his position--namely that there was no need to increase further the size of the Board--would not contradict the spirit of the Swiss letter. Moreover, he clearly understood from the discussions held during the pre-membership process that the concern raised in the latter had focused in particular on the two African constituencies, and his chair had a great deal of sympathy for that particular "subset" of the issue of developing country representation. But when it came to the issue of overall balance in the Board, his chair considered that the concerns mentioned in the Swiss letter had, in effect, been addressed by the agreement in principle to expand the Board.

Mr. Landau observed that the agreement to expand the Board to accommodate a Russian chair and the concerns addressed in the Swiss letter were two different issues. In his view, the fact that a chair had been added did not imply that the commitment made in the Swiss letter was no longer valid.

Mr. Dawson said that clearly, the Swiss letter was not binding on members of the Board. The Board would make its own judgments, but in doing so, it should be realistic. He doubted that Switzerland would give up its desire for a seat. Indeed, it was likely to acquire a seat, and at the expense of one of the existing chairs. It was, moreover, unlikely that the Swiss would relinquish that desire because of an earlier indication that they would not seek a seat at the expense of a developing country constituency.

Mr. Mirakhor remarked that Mr. Dawson's comments were somewhat puzzling, especially as he had not interpreted the Swiss letter in such narrow terms at the discussions on Swiss membership. If Mr. Dawson had told the membership committee at that time that the Swiss intended to attain a chair, even to the detriment of a developing country chair, some members of that committee might not have been as enthusiastic in supporting Switzerland's membership. The view that Switzerland had always intended to attain a chair regardless of the implications for developing countries was news to him.

He agreed that Switzerland's commitment was not binding on the Board, but it should be recalled that the Board had voted to include the Swiss letter as part of its report on membership to the Board of Governors in support of Switzerland's application, Mr. Mirakhor stated. Moreover, in the discussions on Swiss membership there had been no indications that Switzerland's assurances should be interpreted as referring only to the two African constituencies. Indeed, the statement in the letter was broad, and the Director representing Switzerland in the membership process had assured the Committee that it was meant to apply to all developing country chairs.

Mr. Dawson commented that if Mr. Mirakhor's understanding was correct, the Committee did not have to worry about increasing the size of the Board to accommodate Switzerland's desire for a seat, and it could shut down for business. While he had no authoritative information regarding Switzerland's intentions, he predicted that they were likely to seek a chair.

Mr. Clark said that with respect to the three principles that Mr. Landau had mentioned, he certainly supported the second--not to reduce the representation of the developing countries--and the third--to do what was possible to avoid placing excessive burdens on Executive Directors.

With respect to the Swiss membership and the Swiss letter, he had no inside information as to how the authorities intended to reconcile their letter of November 26, 1990 with that of June 11, 1992, Mr. Clark remarked. However, like Mr. Dawson, he predicted that they would seek a seat on the Board. Looking back at the membership meetings, and notwithstanding the inclusion of the November 26 letter in the resolution to the Board of Governors, it was clear from the June 11 letter that that was their intention. Hypothetically, once the election was held and an existing chair was not among the 23 elected, it would be difficult to assign responsibility for that outcome to any particular new Executive Director.

Mr. Fukui said that he had only some preliminary observations. At the current stage, he did not believe that there should be any major deviation from the principles that had been established in the past and had been set out in previous Board of Governors' resolutions. He placed particular importance on the geographical balance in the distribution of representation and, from that point of view, his chair was not entirely satisfied with the current distribution. In short, his chair did not believe that an additional chair would solve the problem in current circumstances.

Mr. Végh remarked that he could support most of the points made by Mr. Landau and Mr. Mirakhor. He also agreed, although unhappily, with Mr. Dawson and Mr. Clark that the Swiss were likely to seek a chair. In his view, the letter of June 11, 1992 was inconsistent with the commitment made in the letter of November 26, 1990. It was, of course, the prerogative of the Swiss Government to take such a position, but the fact that the position was different created a new situation. Moreover, Fund membership was now nearly universal, and the 1992 election presented a unique opportunity to consider the final size and structure of the Executive Board.

It was important to take a decision and write the report as soon as possible, Mr. Végh considered. To prolong the situation or to abandon the effort would provoke a painful situation in the many negotiations, not only among the central banks and the treasury ministers, but also the foreign ministers, relating to constituency matters. That would be unfortunate and could affect the working of the Board and of the institution in the second half of the year, which would be a very important year in light of the problems the Fund would be facing with respect to Russia and other republics.

Mr. Goos stated that he wished to endorse the principles that had been applied so far for the election of Executive Directors and the composition of the Board, which, in his view, remained valid. That was not to say that he had a solution to the problem before the Committee. In that regard, he was surprised by the firmness of Mr. Dawson's belief, in particular, that

the Swiss would attain a seat on the Board. He therefore wondered whether Mr. Dawson had a specific proposal to make on how to square the circle within the parameters which he had in mind. He would also be interested to know how Mr. Dawson would remedy the "overrepresentation" of Europeans in the Board. That would appear to require a fundamental change, not only of the rules for the election of Executive Directors, but also in the structure of the institution.

Mr. Dawson recalled that he had already suggested that the Board's forthcoming discussion on the European Monetary Union (EMU) should include the consideration of the implications of the EMU for the size and structure of the Executive Board. Indeed, his support of Maastricht was consistent with his desire to reduce the number of European chairs to achieve an identity with the European Community. Moreover, in view of Switzerland's relative quota--on the order of 7.2 percent of total voting power--it was easy to imagine that it would be able to form a separate constituency if it so desired.

Mr. Goos observed that under Mr. Dawson's scenario, if the election were held that day, and assuming that the existing constituencies were solid, 24 Executive Directors could be elected. In that event, the Board of Governors would have to take corrective action to achieve 23 chairs, which meant that one constituency--the smallest--would have to be dissolved.

Mr. Dawson said that, indeed, in the end there would be 23 seats, and constituencies would have to adjust their makeup in the light of that fact. With respect to Mr. Fukui's argument that one more seat would not make any difference, he wondered whether one less seat might also make no difference.

Mr. Landau remarked that the Committee should not prejudge how the rules, which had yet to be agreed, would work.

Mr. Dawson stated that he could not imagine Mr. Landau supporting a set of rules that violated the principle of uniformity of treatment.

Mr. Landau said that he was perfectly willing to add that principle to the three that he had mentioned earlier.

Mr. Fridriksson observed that the Secretary had circulated a useful paper that recounted several important developments since the previous election, such as an exceptionally large increase in the membership, including some countries with relatively large quotas; the prospective return of Saudi Arabia to the election; and the particular case of Switzerland. In his view, the Committee needed to consider carefully the implications of those facts in its deliberations. Moreover, the Fund was witnessing what had been referred to as "the last quantum increase in the membership," and surely the last admission of members with relatively large quotas. As mentioned by Mr. Végh, the Fund had become a global institution, with only a handful of countries, all of them small, not having shown an interest in membership. Their possible admission to the Fund in coming

years was, therefore, unlikely to create complications as far as Board representation or constituency structure were concerned.

On the issues before the Committee, he had five general observations, Mr. Fridriksson continued. First, all the new members needed to be assured of appropriate Board representation. Second, a comprehensive shake-up in the Board--namely, a change in the broad structure of existing constituencies--did not seem warranted at the current stage. Third, constituencies should be kept to a manageable size in terms of the number of countries. Many new member countries would require great attention from their prospective Board representatives, and Committee members should appreciate that no one was well served by overburdening existing constituencies with too many new members. The Committee should seek a balanced sharing of the responsibilities for "acclimatizing" the new members. Fourth, Africa should continue to have two chairs in the Board. Fifth, as was confirmed in the documentation prepared by the Secretary's Department, he was currently looking after the interests of Estonia, Latvia, and Lithuania, all of which would formally join the constituency in the forthcoming election.

He had taken note of the policy of the Swiss authorities as presented in the letter to the Committee Secretary, Mr. Fridriksson stated. The Swiss authorities could create a situation in which they could elect an Executive Director but, at the same time, would bring to the forefront the explicit commitment given by them in 1990 not to claim a seat to the detriment of the developing countries. In his view, it was essential for both the Committee and the Swiss authorities to consider the issues for discussion in an undogmatic fashion. Most important, all member countries must be assured of appropriate, and adequate, Board representation.

Mr. Monyake remarked that after hearing Mr. Dawson's comments on maintaining a Board of 23 chairs, he wished to recall that the rationale underlying the recent decision to add a twenty-third chair reflected particular events at a particular moment in the history of the institution. He wondered whether the Fund Secretary had received any indication from those new members that were not currently committed to any constituency regarding which constituency they might join in the near future.

The Secretary recalled that the Fund had received indications from some new members regarding which Executive Director had been asked to look after their interests in the period between membership and the forthcoming election. In each case, that information had been circulated to Directors. Such indications were, however, viewed as a practical arrangement; they did not clarify how those individual countries might vote at the time of the election.

Mr. Knight said that his chair would join others in paying particular attention to the guidelines that had been in place for some years, and which had continued to serve the membership well. One of the fundamentals of those guidelines was the requirement that the size of the Board should contribute to the effective dispatch of its business. It could readily be

argued, as Mr. Végh had already noted, that the recent significant increase in membership might be the last and that the number of prospective new members might warrant an increase in the size of the Board. A look at the historical relationship between the size of the Board and the growth in membership revealed that there was some substance to that argument. The absolute size of the Board and its relation to the effectiveness of the Board's work was, however, an equally important consideration. Many people had argued in the past that the Board was already too large. Moreover, most Committee members knew from their experience with other governing bodies that increasing the size of such entities did not necessarily increase their efficiency. For those reasons, the Committee needed to consider carefully whether to revise the recent agreement to add a twenty-third chair.

A related question was the proposal to increase the size of Executive Directors' offices, Mr. Knight commented. That issue also arose owing to the increasing work load occasioned by the increase in membership. The proposal also provided an opportunity to accommodate increased representational responsibilities. He questioned the extent to which Directors could pursue that course if they also proposed to increase the size of the Board.

For the rest, his chair would give due weight to questions such as the appropriate balance of representation in the Board, which needed to be considered further before reaching a conclusion, Mr. Knight remarked. At present, his chair would not support a solution that reduced the current number of seats representing the developing African economies.

Mr. Mohammed said that his views closely paralleled those of Mr. Mirakhor.

Mr. Wright remarked that he, like others, was still trying to get a clear view of the parameters of the discussion. He himself was operating on the assumption that there would be 23 chairs. If there was a formal proposal to change that number, it would raise fundamental issues that would have to be considered carefully. Moreover, like Mr. Fukui, he doubted that an additional chair would help assure that the agreed principles were respected.

He certainly would endorse those principles, which, as guidelines, had allowed a considerable degree of latitude in the past, Mr. Wright commented. He would note, however, that those principles had certain implications regarding the arrangements for the African chairs, and he would not want to see any change in those arrangements.

One of the difficulties in establishing the parameters of the discussion related to the position of the Swiss Government and the juxtaposition of its two letters, Mr. Wright observed. The 1992 letter was clear in setting out the Swiss desire to be represented in a constituency led by a Swiss Executive Director. The 1990 letter was less clear. In any event, a Board of 23 seats implied that the Committee would have to find a

cooperative solution at some stage. As the nature of the Swiss commitment would have some bearing on the Committee's search for a cooperative solution, and in view of the uncertainty surrounding the 1990 commitment, it might be useful for the Committee to inquire into the status of that commitment.

Mr. Santos said that he was grateful to the staff for having drawn attention to the magnitude of the threat to his constituency. He also appreciated the words of sympathy in that connection that had been expressed by many Executive Directors, in particular by Mr. Dawson. He was, however, somewhat confused about how the United States intended to give practical expression to such sympathy if, as Mr. Dawson expected, the Swiss claimed a chair at the expense of the African countries.

He supported the principles that had been set out by Mr. Landau and others, which reflected the philosophy of the Board of Governors in deciding the size and structure of the Executive Board, Mr. Santos commented. They had worked well in the past, and he agreed with Mr. Fridriksson that any change in those principles would mean a comprehensive shake-up of the Board, which was not warranted at the current stage when the Fund was becoming truly a universal institution.

Mr. Dawson observed that a few Directors had remarked that a fundamental shake-up of the Board was not timely, in that the Fund membership was becoming virtually universal. To the contrary, he considered that the moment was ideal for a fundamental reassessment of the nature and structure of the Board. In that context, the oft-cited principles resembled an overdetermined set of equations more than consistent guidelines. Moreover, if the Swiss Government did clarify its position with respect to seeking a chair, he suspected that it might well describe its principles as being consistent between the two letters.

Another approach could be taken in looking at the structure of a new Board, Mr. Dawson commented. As two or three seats were likely to be elected by a single member, some of the additional work load could be allocated among the single-country seats. Indeed, the election rules could be changed to accomplish that purpose. In any event, he was not persuaded by arguments that tended to justify the status quo.

Mr. Prader remarked that he fully shared the position taken by Mr. Fridriksson, including his views on the maintenance of the two African chairs. Perhaps Mr. Santos occupied the safest chair of all Executive Directors--having received so many assurances, and not least, the U.S. view that the Swiss commitment was meant to protect only the African chairs. Despite Mr. Dawson's stated willingness to represent a few members, clearly he would never be in a position to do so. That fact underlined the disparity between those elected chairs that had a responsibility to undertake the representation of the 20 new members and those few appointed chairs that had only to speak for themselves. In that light, Mr. Dawson's proposals regarding elected chairs was not consistent with the spirit of the Board.

He would not object to the addition of a twenty-fourth chair if that would further the cooperative spirit of the Fund, Mr. Prader added.

Mr. Torres said that he was also impressed by Mr. Dawson's creativity with respect to the structure, if not the size, of the Board. His willingness to represent new members, including Switzerland, could help a great deal, and he would encourage him to try to eliminate the impediments to moving in that direction.

He was not sure that there was an inconsistency between the two letters of the Swiss Government, Mr. Torres remarked. In any event, he considered that the addition of another chair would not serve to satisfy the principles that had guided previous elections and the working of the Board in the past. More important, if the Committee kept to a Board of 23 seats, he doubted that the election process would be an orderly one; indeed, there was a risk that it might be unnecessarily complicated. In that connection, he would appreciate a clarification of what was meant by "corrective action" in the event that the number of elected Executive Directors exceeded the number of available seats; did it mean that the Board of Governors could decide to increase the number of seats on the Executive Board? Also, had there been any instances of corrective action in the past?

The Secretary said that the rules had for a number of years included a provision whereby, once the balloting was completed, the Board of Governors, at the request of any Governor, might examine the results to see whether those results satisfied the objectives under which the election was to be conducted.

The Deputy General Counsel remarked that in the past decade or so, the regulations for the election of Executive Directors had provided that at a certain stage, a review of the election could be undertaken, at the request of a Governor, in the event that the requisite number of chairs were filled following the rules set by the Board of Governors. It was envisaged that in its review, the Board of Governors would take into account the general principles of representation on the Board and thereupon decide to increase the number of Executive Directors to meet that need for adequate representation. As there were currently no promulgated procedures for taking such a decision, the procedures would have to be put in place when a review was requested and the decision would have to be taken prior to the effective date of the election, namely, November 1. In response to Mr. Mohammed, he confirmed that in the event that Governors proposed to increase the size of the Board, an 85 percent majority of the total voting power would apply.

Mr. Fukui said that he agreed with Mr. Dawson that a review of the size and structure of the Executive Board, including the reordering of constituencies, would be appropriate at the current juncture. In that regard, he would re-emphasize the need for balanced geographical representation and for careful consideration in determining the optimal solution to the problem, keeping in mind the agreed basic principles. In any event, the Committee

should avoid easy or temporary solutions such as merely increasing the number of seats on the Board.

Mr. Landau commented that in his view, the two letters of the Swiss Government were not equivalent in terms of their status. While the second letter expressed a desire of the Swiss Government, the first was an essential part of the decision to admit Switzerland to membership. Thus, in the event that there was any inconsistency, the two letters should not be given equal weight.

Mr. Mirakhor said that he supported Mr. Landau's view. He would also point out that in speaking about reshuffling or realigning representation in the Board, one was talking about sovereign states: reshuffling could not be effected by committee. In that light, he would again stress that it was absolutely necessary that the Committee finish its work as quickly as possible so that if members decided that some realignment was necessary, they would have sufficient time to accomplish it.

The Chairman remarked that the Committee had held a wide-ranging discussion of the general principles on which the rules for election should be based, and it might be helpful to take some time to reflect further on the issues that had been raised in the light of the agreed principles. He would propose that serious consideration be given to the point made by Mr. Mirakhor, among others, that the Committee should act expeditiously to resolve the issues under discussion so as to allow the membership sufficient time to take any necessary actions. As members had noted, the 1992 election might occasion the last major reorganization of the Fund's Executive Board. In that light, it would perhaps be wise to strive for what Mr. Wright called "a cooperative solution," especially with respect to the problem of developing country representation. In that connection, in his view, the wording of the original Swiss commitment was clear: it was meant to protect developing country representation and not any particular constituency. The Committee would meet again once members had had an opportunity to assess the situation.

Mr. Clark recalled that Mr. Wright had requested that the Committee seek information from the Swiss as to how they might reconcile the two letters. In that regard, he agreed with Mr. Landau, that as the first letter had formed part of the discussion on the membership of Switzerland, it had a different status from the second letter.

The Chairman said that if the Committee members felt that there should be a dialogue on that issue, a representative of Switzerland could be invited to explain his Government's position to the membership.

Mr. Wright commented that the Committee had to bear in mind that the Swiss response would not be binding on the Board. In any event, however, it would help the Committee to define the parameters of the issues.

Mr. Monyake, responding to a question by Mr. Jaramillo regarding the response of the Swiss Government to a letter from the Group of Twenty-Four regarding the nature of the Swiss commitment, said that he would have to look into the matter. In response to Mr. Landau, he indicated that a copy of the letter would be made available to all Governors and Executive Directors.

Mr. Mirakhor commented that while a dialogue with a Swiss representative would be helpful, as the first letter had been attached to the Executive Board's report submitting the resolution for Swiss membership to the Board of Governors, a written response from the Swiss to a communication from the Committee might be appropriate, so that the response could also be made part of the documentation.

The Chairman observed that the Committee members agreed that a letter should be sent to the Swiss authorities indicating that their two letters appeared to be inconsistent, in that there was no commitment in the second letter that they would seek a seat without detriment to developing country representation. A timely response would be requested so that the Committee could proceed expeditiously with its work on rules for the 1992 election.

The meeting adjourned at 6:15 p.m.

APPROVED: April 26, 1993