

CONFIDENTIAL

COMMITTEE ON RULES FOR 1974  
REGULAR ELECTION OF EXECUTIVE DIRECTORS

Meeting 74/2  
July 16, 1974

R. Bryce, Chairman

Executive Directors

S. Y. Cross  
P. Liefstinck  
C. Massad A  
S. B. Nicol-Cole  
G. Schleiminger

Alternate Executive Directors

C. R. Harley  
M. Finaish  
T. de Vries  
W. M. Tilakaratna  
L. Fuenfgelt

K. F. Magurn, Secretary

Also Present

J. Amuzegar

K. Kawaguchi  
B. Kharmawan  
A. W. Yameogo

K. J. M. Andreassen  
R. van S. Smit  
F. Suarez  
B. Martins  
M. Wakatsuki  
N. H. Hanh

Legal Department: A. S. Gerstein. Secretary's Department: J. A. Kay, E. C. Shinn. Advisors to Executive Directors: F. Hussein, M. Shein. Technical Assistants to Executive Directors: G. Carmody, J. Coleman, J. A. Crosby, M. Garadaghipour, F. Garcia-Palacios, R. Khonsary, A. Nymark, F. Saccomanni, T. Sweeney.

The Committee continued from its previous meeting (74/1, 7/2/74) its consideration of the rules and procedures to be adopted for the 1974 Regular Election of Executive Directors. The Committee members had before them a paper prepared by the staff in response to a request made by Committee members at the previous meeting (EB/CREED/74/1, 7/11/74).

The Chairman remarked that the Executive Directors had approved without meeting the decision proposed in EBD/74/134 (7/10/74), required under Article XII, Section 3(c). In consequence, it was settled that the terminal date for the calculations under Article XII, Section 3(c) would be July 31, 1974; and it could be expected that there would not be any additional appointed Directors to be taken into account in connection with setting the rules for the 1974 Regular Election of Executive Directors. It still seemed to him likely, but not certain, that there would be 13 candidates for the 12 seats in the election under Article XII, Section 3(b)(iii) to be held on October 1, 1974. He therefore invited the Committee members to discuss whether the nomination date should be made earlier than September 30, 1974; whether the Executive Directors should themselves make a proposal now in favor of a twenty-first seat, or whether they should leave the matter to the Board of Governors to consider in the light of the election results; whether the Committee should report any view about the distribution of seats as between predominantly developed country groups and predominantly developing country groups; and whether they wished to make any minor changes in the rules.

#### Nomination Date

Mr. Liefstinck noted that the staff paper dealt mainly with two problems: the introduction of an earlier nomination date; and the establishment of geographic or economic criteria. So far as the latter was concerned, he agreed with the staff view, originally set out in SM/71/133, that the Articles of Agreement did not provide for the establishment of such criteria. Regarding the introduction of an earlier nomination date, he again agreed with the staff: the proposal was legally and technically feasible, but caution ought to be adopted with respect to introducing an unduly long period between nominations and elections. He would therefore propose that, in order to avoid surprises, the nomination date be advanced from one day before the balloting to seven or eight days before the balloting.

Mr. Nicol-Cole recalled that at Meeting 74/1 he had said that the important thing was to be aware of the groups rather than of the nominees as such. If the nomination date were advanced so that it fell before the beginning of the Annual Meeting, his constituency would have considerable problems, as it was almost impossible to assemble his Governors to obtain a consensus on the selection of a candidate. He would, therefore, regret the adoption of an advanced nomination date for the forthcoming Annual Meeting. However, as he understood the advantages of advancing the date as proposed by Mr. Liefstinck, he would not object if the proposal were adopted for subsequent Annual Meetings.

The Deputy General Counsel explained that under the 1972 rules, nominations might be made until 12 o'clock noon on the day before the day on which the election was scheduled to be held during the Annual Meeting. He suggested that if the date for receiving nominations were to be advanced, for administrative reasons it might be provided that the nominations must be received during a specified day rather than throughout

the whole period up to the time specified on a particular day. He confirmed, however, that consistently with established practice, the rule could provide that nominations could be made "until" a specified time or a given date and thus not exclusively on a given date.

Mr. Massad remarked that to receive nominations on a given day would be feasible if the date set was during the Annual Meeting of the Board of Governors, because the Governors would be present and able to file the nomination on the day requested. However, if nominations had to be submitted while the Governors were not meeting, a longer period might be required. On the other hand, he agreed that the period between nomination and election should not be unduly long.

Mr. Kharmawan stated that while he understood that it was legally possible to advance the date for the submission of the names of candidates for election, he saw no merit in doing so. First, he agreed with Mr. Nicol-Cole that Governors preferred to discuss such matters as candidates for election when they came together at the time of the Annual Meeting; to advance the date might create problems for certain constituencies. He himself did not have such problems with his present constituency, but he had had with his previous one. He therefore believed that it would be inappropriate to make the change before the 1974 Annual Meeting. Second, he accepted the notes of caution sounded by the staff. Third, the uncertainty would not be reduced by requiring constituencies to submit the names of candidates a week before the election; on the other hand, to do so would open the door to horse-trading and pressures. While there was always an element of uncertainty, the experience of both 1970 and 1972 proved that it was not easy to form a new group unless there had been a large increase in the number of Fund members between the preceding election and the one under consideration. Even if new groups were to be formed, it would be unwise to require the submission of the names of the candidates a week or ten days in advance of the date of election.

Mr. Massad said that he understood the difficulties explained by Mr. Nicol-Cole and Mr. Kharmawan; in multicountry constituencies there was almost bound to be some negotiation regarding representation in international organizations. Nevertheless, he was inclined to favor setting the nomination date somewhat in advance of the Annual Meeting and, if at all possible, making special arrangements to allow constituencies with large numbers of countries more time to work out their negotiations. In any event, he would support a proposal to advance the nomination date to a week or ten days before the election date.

Mr. Schleiminger remarked that originally he had been in favor of advancing the nomination date by a week or so; however, it was certainly not the intention of the Committee to make the election process even more difficult for large multicountry constituencies. He would, therefore, like to meet their convenience, although on general grounds he thought a one week advance in the nomination date might be helpful.

Mr. Smit stated that Mr. Brand and he himself both felt that to advance the nomination date would not be particularly useful. He had also been struck by the note of caution offered by the staff, and by the difficulties that would be caused to certain constituencies if the nomination date were advanced. He even doubted whether advancing the nomination date by seven or eight days would serve any useful purpose, and there seemed to be fairly general agreement that a long gap between nomination day and the actual elections would not be desirable.

Mr. Kharmawan noted that during the coming Annual Meeting the Governors would not only have to elect Executive Directors; they would also have to decide on the membership of the Interim Committee of the Fund and of the Joint Fund/Bank Ministerial Committee on the Transfer of Real Resources. Clearly, discussion on the membership of those groups would have to wait until the arrival of the Governors in Washington for the Annual Meetings of the Fund and the World Bank; in consequence, it would seem difficult to advance the nomination day for the election of Fund Executive Directors in 1974.

Mr. Nicol-Cole observed that if the nomination date were advanced by one week and it were found that more candidates had been nominated than there were seats to fill, little could be done to rectify the situation because the Governors would already have started traveling to their various caucuses, and it might be even more difficult than usual to communicate with them.

Mr. Finaish said that like others he had doubts about the advantage of advancing the nomination date. He agreed with Mr. Nicol-Cole and other speakers that, particularly if the change were made before the 1974 Annual Meetings, it would make the election process more difficult for some of the large multicountry constituencies.

Mr. Yameogo supported Mr. Massad and Mr. Schleiminger in suggesting that the nomination date should be advanced to one week before the date of election. At one stage in his constituency a decision had to be taken on the nomination of the Executive Director in a single night, and it had not been easy to consult the Heads of State and the Ministers of Finance in that time. When the Articles of Agreement of the Fund had been written, only some 22 countries had had to elect Executive Directors under Article XII, Section 3(b)(iii). However, at the present time his constituency and Mr. Nicol-Cole's together accounted for 35 countries, representing the majority of countries in Africa. If there was not a week or so for consultation between Ministers after nomination and before election, the responsible authorities might have difficulty in consulting together if unforeseen circumstances arose at nomination time. Furthermore, he recalled that at the previous meeting a majority of the Committee members had expressed the desire to keep the present balance of seats on the Executive Board--meaning nine seats for the predominantly less developed countries and 11 seats for the predominantly developed countries. If that proportion was to be maintained and there were 13 candidates for 12 seats, there might have to be a redistribution of the less developed

countries among the nine seats, or--of course--of the predominantly developed countries among the 11 seats. It would be difficult to bring about such a redistribution in a single day; and, if it was not achieved, the present balance might be upset.

Furthermore, Mr. Yaméogo mentioned, the period of one week between nomination and election would enable Governors to consider distribution of seats in the Interim Committee and the Joint Fund/Bank Ministerial Committee, as well as the selection of Alternate Executive Directors. There might perhaps be no problem if the Executive Directors reported in favor of creating a twenty-first or even a twenty-second seat to keep the balance between the predominantly developing country group and the developed group.

The Chairman commented that for 1974 the uncertainty was likely to relate not to nominations but to groupings, and nobody would know how countries would group themselves until the eve of election. The only advantage of advancing the nomination date would be to remove some of the uncertainty as to the number of candidates; it would not remove uncertainty about what regrouping might take place or with respect to the possibility of withdrawal after nomination. Nor could one forecast which Governors would vote for any given candidate.

Mr. Tilakaratna recalled that Mr. Prasad had proposed at Meeting 74/1 that nominations should be received by September 1, 1974, on the understanding that if the nominations created a difficulty, the election rules could be amended thereafter. However, he noted that such a proposal might cause a problem for the constituency of Mr. Nicol-Cole and perhaps of other Executive Directors; he would therefore not adhere strongly to the date of September 1. He would, however, like the staff to comment on the possibility of amending the election rules after the date for nomination.

The Deputy General Counsel, replying to Mr. Tilakaratna, stated that it would certainly be possible to change the election rules after nomination day if that day were advanced to September 1. The Governors could change the rules until the election process had been completed; they would set a new date for nominations as a whole. By the same token they could adopt a new rule changing the number of seats to be filled. As a practical matter it would be difficult to change the rules by postal vote of the Governors between September 1 and the Annual Meeting; in consequence, any change in the rules would have to be made by the Governors at the Annual Meeting itself.

The Chairman suggested that, in the light of the discussion, the draft report by the Committee to the Executive Directors might contain some mention of the proposal to advance the nomination date; Committee members could express a final view before the report went forward to the Executive Board.

Mr. Nicol-Cole stated that he was not in principle against advancing the nomination date. Indeed, he would favor it for elections in years after 1974, as Governors would have had time to make provision for the earlier nomination in future.

#### Number of Seats

The Chairman invited the Committee members to discuss the proposal raised at Meeting 74/1 to recommend the establishment of a twenty-first seat. Naturally, any decision on that point would have some effect on the formation of the groups, and some Committee members saw serious difficulties in waiting for the results of the election before taking corrective action if any were needed.

Mr. Liefstinck remained of the opinion that the number of Executive Directors should not be increased unless the election produced an unacceptable result. He saw no justification for increasing the number of Executive Directors in 1974. Any increase in their number without an increase in the number of members of the Fund would be an invitation to further splitting off of minor groups. He therefore proposed that the Committee in its report should recommend that the number of seats should not be increased above 20.

Mr. Schleiminger supported Mr. Liefstinck. He had indeed put forward identical views in the Committee in 1972. An additional reason for maintaining 20 seats was that any increase in the number of seats on the Executive Board would result in an enlargement of the Interim Committee, which was supposed to handle politically sensitive measures and whose efficiency would suffer by an increase in size. He therefore appealed to Committee members not to suggest any increase in the size of the Executive Board, particularly bearing in mind the experience of the Committee of Twenty and the prospective establishment of other organs of the Fund.

Mr. Massad said that he found himself torn between the desire to keep the number of Executive Directors at 20, which seemed an appropriate size for the Executive Board, and the wish to ensure an adequate distribution of seats for member countries. Clearly, if the Executive Directors said in advance that they were prepared to increase the number of seats, the number of seats was in fact likely to increase. He would therefore only say that at the present moment he would place adequate distribution before adherence to a specific number of Executive Directors.

Mr. Kharmawan remarked that he agreed with the staff that there was no legal possibility of protecting the nine seats of the predominantly less developed countries without amending the Articles. However, in the report by the Committee for the 1972 Election, the Committee members had mentioned that they had felt that the position would be untenable if one of the two seats from African countries should be extinguished, while recommending that the numbers of seats be kept at 20. He therefore inquired what steps had been contemplated by the Executive Directors to

ensure the retention of two seats for the African countries at that time. Although the problem might be somewhat broader than it had been in 1972, he was clear in his own mind that the Executive Directors, aided by the staff, should find a solution before the election took place.

Mr. Amuzegar stated that he held views similar to those expressed by Mr. Massad and Mr. Kharshawan, which were not very different from those expressed by Mr. Lieftinck and Mr. Schleiminger. At the previous meeting the Committee had agreed to retain the present balance of seats on the Executive Board between predominantly developing countries and predominantly developed countries. He was personally much more interested in the question of distribution than in the number of seats. While he held no particular feeling for 21 seats, he did not believe that it would be a good practice to wait until a candidate was unseated and then to take special action to save him. He would much prefer to take appropriate action in advance to avoid such a situation arising. For his own information, he would like to be told how the Latin American countries came to have three Executive Directors when only two were provided for in the Articles.

Mr. Finaish remarked that, like others, he was concerned about ensuring that the less developed countries had an adequate number of seats on the Executive Board. He added that adequate representation of member countries in the Fund was an important question. At the present stage it was not only desirable but necessary to retain at least the present balance of seats on the Executive Board between developed countries and less developed countries.

Mr. Nicol-Cole believed that the problem was to insure that the Executive Board remained of a manageable size, while arranging for an adequate number of seats for all members. The interest was wider in the present year than it had been in 1972, when the problem had been to prevent the possible extinction of a single seat. Hence, everything should be done to maintain the balance between the predominantly developing countries and the predominantly developed countries. At the same time, it was essential to be chary of increasing the numbers on the Executive Board. He did not believe that there should be any great difficulty in reconciling the two objectives; it was for the Fund's legal advisors to propose a solution.

Mr. Cross reiterated the view he had expressed at meeting 74/1 to the effect that the Executive Board should not be increased beyond 20 seats. Naturally, his authorities believed that there should be an appropriately balanced distribution of seats, although he was not clear whether the intention was to make a distinction between predominantly developed and predominantly developing countries, or between geographic groups. In any event, the solution for ensuring a balanced distribution of seats should be found within the confines of 20 seats for Executive Directors.

Mr. Schleiminger said that he was encouraged by the widespread agreement within the Committee. However, he would not agree with Mr. Amuzegar that it would be tactless if the Governors held a by-election to salvage a seat that might be in danger of extinction as the result of the regular election; on the contrary, it would be the most visible demonstration of the importance attached by the Fund to maintaining the present balance on the Executive Board, and it would be damaging neither to the Executive Directors nor to the groups in question. Hence, unlike Mr. Amuzegar, he did not believe that the Committee need take protective action on the spot; any step that might be necessary in the wake of the election could be left to the Governors.

The Chairman indicated that a draft report would be prepared for review by the Committee members at their next meeting; he would assume that it would be appropriate, in reporting to the Executive Directors that the Committee should express the widespread view that an effort should be made to maintain a balanced distribution of seats both as between predominantly less developed countries and predominantly developed countries and, if possible, geographically. The report would also say that there was a consensus that an attempt should be made to achieve a balanced distribution within the confines of the 20 seats that presently existed.

The Deputy General Counsel, replying to Mr. Kharmawan, recalled that in 1972 the staff had been asked whether it was legally possible to establish a criterion to ensure that there would be seats for the two African constituencies. The staff had come to the conclusion that there was no way of achieving that result without amendment of the Articles because the legislative history had indicated that when the drafters at Bretton Woods had contemplated election they had specifically excluded geographic criteria except for the American Republics. In consequence, in 1972 the Executive Directors had decided to report to the Board of Governors on the problems that would arise if the countries in Africa were unable to elect two seats, and to invite the Board of Governors to take note of the problem. Implicit in the report was the understanding that the Executive Directors would become inefficient if 33 countries were entitled to elect only one Executive Director. Hence, equally implicitly, it had been recognized that if only one Executive Director from African countries were elected during the regular election, the Governors would adopt a resolution for an interim election, providing for an additional seat.

Mr. Amuzegar inquired why the same procedure could not be adopted for the two seats for African countries as had been adopted to endow Latin America with a third seat.

The Deputy General Counsel explained that the legislative history showed that the intention had been from the very beginning to provide two protected seats for Latin America and for the possibility of providing by way of rules for increasing that number when non-Schedule A American



Republics joined the Fund. In 1956 the Executive Directors recommended to the Board of Governors that if Argentina joined the Fund before the pending election, the number of Executive Directors to be elected by the American Republics should be increased from two to three. Argentina did in fact join the Fund on September 20, 1956, and three Executive Directors were accordingly elected in that year.

Mr. Massad added that the election of Executive Directors by the American Republics was carried out in accordance with Article XII, Section 3(b)(iv), and was different in nature from the remaining elections, which were carried out in accordance with Article XII, Section 3(b)(iii). Votes for Executive Directors from Latin America had to be cast by Governors of the American Republics, and those Governors could cast votes for no other candidates. Moreover, other Governors could not cast votes for Executive Directors of the American Republics.

The position was set out in paragraph 7 of Schedule C of the Articles, Mr. Massad continued. Under that schedule there was no way of avoiding a decision on the number of Executive Directors for the region and, as the Deputy General Counsel had said, there seemed to have been an intention to increase the number from two to three when sufficient countries from the region had become members.

#### Geographic Distribution

Mr. Kharmawan remarked that the Chairman had mentioned wishing to include in the report to the Executive Directors a reference to the balance in the distribution of seats in the Executive Board. He hoped that the Chairman clearly understood that the balance to which reference was made was nine seats for the predominantly developing countries and 11 seats for the predominantly developed countries. He would be rather hesitant to include a reference to geographic distribution, first, because the Deputy General Counsel had explained that the Articles did not recognize such a distribution except for the American Republics and, second, because--with the exception of the American Republic--constituentencies overlapped many geographic regions. Moreover, in 1974 the geographic balance did not seem to be in jeopardy; he would therefore prefer not to make such a reference.

Mr. Schleiminger shared Mr. Kharmawan's hesitation with reference to mentioning geographic distribution. A simpler way might be to refer to the document in which the so-called gentlemen's agreement of 1972 had been recorded.

The Chairman explained that in 1972 the Executive Directors had recorded the so-called gentleman's agreement in their report on the size and structure of the Executive Board, which had been very delicately drafted to achieve the desired results. The fact that the Governors had taken note of the report was still on record; the argument was still valid, but did not need to be repeated. He agreed that the main concern expressed by Committee members had been to retain the balance between predominantly developed countries and predominantly developing countries; however certain speakers had also referred to geographic balance.

Mr. Massad indicated that he did attach importance to geographic distribution of seats because geographic location had meaning in economic terms. It implied a set of relationships in the economic and financial spheres; in general, countries from different areas had more contacts within those areas than outside. Geographic location was also often strongly correlated with such elements as the degree of development. Hence, he would wish to see a mention of geographic distribution included in the report.

Mr. Yameogo agreed with Mr. Massad; like it or not, the Fund would have to face increasing cooperation between its members on a geographic basis. Such cooperation was already visible in Europe, in North America, in the Caribbean and Latin America, and in Africa and Asia. He sometimes felt that the Articles of Agreement stood in the way of evolving political and economic realities, and that the Legal Department of the Fund was more conservative than it need be. The world was in a state of flux, and it seemed likely that if the founding fathers had gathered together at Bretton Woods in 1974, they would not have framed Article XII and Schedule C in the way in which it was presently written. On a more general point, he would like to hear a definition of the terms "predominantly developed countries" and "predominantly developing countries." The question was not a purely semantic one; for instance, if his countries were to elect an Executive Director from a developed country, it would be important to know whether that seat would count as among the "predominantly developing countries" or among the "predominantly developed countries." Possible criteria would be the majority of members electing an Executive Director, or the majority of the voting power. Some explanation of the intention behind the words proposed by the Chairman would therefore be welcome.

The Chairman explained that he had not considered the matter so mathematically. The election of a "mercenary" Executive Director by a constituency would, surely, not change the character of a constituency, which could be considered merely as having selected an advocate to speak for it. However, he believed that the Committee members would understand what he had in mind.

Mr. Smit stated that Mr. Brand and he himself wished to be associated with the doubts expressed about the wisdom of including a reference to geographic distribution. In the first place, it was difficult to cast the concept into precise words because in the Fund there were groups that spanned quite diverse regions of the globe. More important, the Fund would lose in terms of balance if any important group of countries that felt itself to have sufficiently common interests to come together to elect an Executive Director were not to have a seat. Like Mr. Massad, he considered an adequate distribution of seats to be of very high priority when compared to keeping the number of seats at 20.

Mr. Kharmawan considered that geographic distribution was not the issue in 1974. The issue was that the nine existing seats from the predominantly developing countries should be preserved within the

framework of 20 seats. The whole concept of geographic representation would need further study before reference to it could be made in a report to the Executive Directors. The matter was not simple even for Africa, which was larger than the countries that had elected Mr. Nicol-Cole and Mr. Yameogo. Five seats were at least in part elected by countries in the African continent, whereas, apart from Japan, two persons like Mr. Prasad and himself were elected by Governors on behalf of many millions of people scattered over a vast territory. In the past, moreover, Asian countries had linked up with North African countries, and he wondered whether such an arrangement should be prevented. Moreover, in the World Bank there were no protected areas, and an Asian country was joining with a group of American Republics. Such an arrangement too would have to be terminated if there were strictly geographic lines of distribution. If there were regrouping along such lines, he would have to consider whether the number of seats for Asia was adequate.

Mr. Liefertinck believed that it might perhaps be appropriate to speak in terms of a desirable pattern of distribution of Executive Directorships. It would be possible to indicate that that desirable pattern could be achieved by retaining a balance between predominantly developing country constituencies and predominantly developed country constituencies. He had no objection to including the motion of geographic distribution, since there were a number of Committee members who wished to see its inclusion, but the word itself might perhaps be inappropriate. With respect to Mr. Yameogo's comments on the work of the Legal Department, he would only say that the Articles of Agreement of the International Monetary Fund constituted an international treaty, and that even countries that had later accepted membership of the Fund had done so on the basis of that treaty. It was therefore imperative that the Executive Directors continue to observe the Articles of Agreement, and it was the Legal Department that was the custodian of those Articles. He agreed that that could sometimes be troublesome, but any treaty could be renegotiated, and he would have no objection to an amendment of the Articles if appropriate.

Mr. Massad explained that geographic considerations should certainly not be overriding; the appropriate distribution of seats had many facets, and one of them was geographic. On another point, there had been occasions when the international community had found itself uncomfortable within the Articles of Agreement of the Fund, and actions had been taken that were not necessarily exactly in conformity with the Articles as written. In the present case, it did not seem necessary to go beyond the Articles in order to achieve the objectives that the Committee members had in mind. However, he was so convinced of the importance of finding an appropriate distribution of seats within the Fund that every effort ought to be made to reach a solution.

Mr. Cross said that he could see that the question of what constituted a balanced distribution of seats was a difficult one. He saw as many problems with placing too much emphasis on geography as with placing too much emphasis on stages of development. He did not believe

that the issues with which the Fund was concerned were predominantly those on which countries divided in accordance with their stage of development; nor should they be. While there was no disagreement that there should be a balanced distribution of seats, it would be difficult to specify how that should be achieved. The wording in the report should therefore be rather general.

The Chairman commented that the discussion had indicated that the wording of the report should be cautiously general. Committee members recognized that the aim was to achieve a balanced distribution of seats between predominantly developed countries and predominantly developing countries, while avoiding the possibility of any wide area being left without a seat. There was however nothing that the Executive Directors could do during 1974 except to issue exhortations. On the other hand, if the election did not produce a reasonable balance between predominantly developing country constituencies and predominantly developed country constituencies, the Governors could take action if they saw fit.

Dealing with possible minor changes in the rules, the Chairman recalled that in 1972 the figure for the maximum percentage of votes that might be cast for any nominee had been fixed at 13 per cent and the minimum figure at 5 1/2 per cent. Those limits had been fixed after a careful review, and the total number of votes had not altered significantly in the past two years. He himself saw no need for the Committee to change the figures at the present time, and Mr. Brand-- who had taken an active role in the determination of the percentages in 1972--had left no impression that he wished to reopen the issue. In those circumstances, he proposed that with the exception of the date of the nomination, the Committee should recommend much the same set of rules as had been adopted in 1972. He would arrange with the Secretary to provide the Committee members with a draft set of rules for consideration at the next meeting of the Committee.

Mr. Yameogo explained that he had not intended to cast aspersions on the excellent work carried out by the Legal Department of the Fund. What he regretted was that, in a changing and developing world, everything was apparently being modernized except the Articles of Agreement of the Fund. He would have preferred the Fund to have an unwritten constitution, like the United Kingdom, so that it would have the flexibility to adapt itself to a changing world.

The Chairman remarked that, while the United Kingdom seemed to survive very well with an unwritten constitution, it was difficult to negotiate treaties that were not written down.

After some discussion, the Committee agreed to meet again to examine a draft report to the Executive Directors.

Approved: October 1, 1974