CONFIDENTIAL

COMMITTEE 3 of COMMISSION I - HEMICYCLE ROOM

10:00 A.M. July 4, 1944

Brown
porter

Dr. White: The meeting will please come to order. This is the first meeting of Committee 3, Commission I.

I should like to introduce to you your Permanent Chairman, Dr. de Souza Costa, of Brazil.

The Chairman: I thank Dr. White for his kind words. I have the pleasure to introduce to you the Reporter of this Committee, Dr. Hexner from Czechoslovakia.

(Applause)

I have the pleasure to introduce to you the Secretary, Mr. Malcolm Bryan, Vice President, Federal Reserve Bank of Atlanta.

(Applause)

And the Assistant Secretary, Dr. J. H. Bitterman, United States Treasury.

(Applause)

Now I call upon the Secretary to make the announcements.

Mr. Bryan: Chairman and Gentlemen: The temporary office of the Secretariat is in the Mt. Washington Hotel, Room 162. I say temporary. We may have to shift that later today but if so we will post a notice as to the location of the permanent office of the Secretariat.

As the Secretariat understands, unless there is objection, the minutes of the meetings will not generally attribute points of view to a particular delegation or individual unless specifically so requested.

By agreement, the press is excluded from the meetings,

DECLASSIFIED
Authority NND 883049
By LM NARA Date 6/28/07

and members of the press, persons not delegates, advisers, observers or members of the Secretariat will retire.

The minutes will not be verbatim unless desired on a specific point, and notification given.

Each delegation is requested to list the names of their representatives and give them to the Committee's Secretariat and to send an official copy to the Secretary General of the Conference, Dr. Kelchner.

Speakers are requested to announce their names and countries. Members wishing to propose amendments or additions to the draft are requested to submit them in writing as alternatives to be considered with the original or with other alternatives. TheSecretariat of the Committee will gladly assist in the drafting of proposals, if so requested.

A supply of extra documents will be available here on this table for the members of the Committee and others attending. We have also available extra copies of the Committee assignments for those who do not now have them and desire copies.

The Chairman: Initiating the discussion of the matter contained in the agenda, I call upon the Secretary to read the first point about the Board of Governors.

Dr. Bryan: The Joint Statement reads as follows. I am reading from page 24 of the document, now S.A. ~~Essay~~ 1.

(Material read to be inserted.)

That completes the reading of Alternative A.

The Chairman: Read Alternative B.

Dr. Bryan: By direction of the Chairman, I will now read Alternative B.

(Material read to be inserted.)

DECLASSIFIED

The Chairman: Now, the first point of our agenda is Alternative A, and so the discussion is open. And if any delegate may wish to make any comment on the record I may recognize him.

Mr. Machado (Cuba): I would like to ask as a matter of information -- the matter covered by our committee is organization and management -- if the question of when shall the Fund be considered organized is the scope of this Committee or goes under any other committee? In other words, when shall the Fund be considered as organized? Assuming that there are a number of nations that are decided to go into the Fund, some number of nations would be required to consider the Fund as organized. I am purely raising the question for my information whether that is the object of this committee or not.

Mr. Luxford (United States): Mr. Chairman, I think that if I read the agenda that was furnished to us this morning that about the question of setting up the Fund, which I believe is what you meant by "organization" --

Mr. Machado: Exactly.

Mr. Luxford: (Continuing) -- is under Committee 4, "Form and Status of the Fund," it being contemplated that the word "organization," as I understand it, relating to this committee was in the same sense as management -- What kind of an organization will run the Fund -- rather than in the sense of the creation of the Fund.

Voice: AsI understood the ¤ comment of the Delegate from Cuba, what he really meant was when will this be a going concern and begin to operate.

Mr. Machado: That's right.

Voice: In other words, how many assents and supporters are required to put it into operation. Is

that correct?

Mr. Machado: Correct.

Mr. Luxford: Mr. Chairman, I think the answer to that is that that is one of the questions that must be discussed by Committee 4. I think I could answer the question for the gentleman -- that is, just as I see the text here, it is contemplated that some 60 percent of the countries when you calculate it on the basis of quotas must agree before the Fund would start. But I believe that is one of the subjects that will be discussed more fully and developed in Committee 4 and that this committee, as I conceive it, would be, accepting the fact that the Fund had been set up, How would you run it?

Mr. Blowers (Ethiopia): I imagine that the form our discussion is going to take here is that we will decide whether we want the paragraph 7 or not, paragraph 1 of section 7 of the original Joint Statement, to stand or whether we want to make amendments to the alternatives as proposed. Is that the way we are going to approach these subjects under discussion?

Dr. Hexner: I suppose in order to introduce this discussion we have to break it down into one or two principles, this Article VII, 1. And there are two main principles involved, obviously. The first is whether the main organ of the Fund should be a board of governors; what should be the skeleton of the basic organization or the legislative body of the Fund; whether you wish to have a Fund that each country designates a man who is a governor and this is going to be the basic legislative body of the Fund. This is the first principal question.

The second principal question included into this alternative is whether there should be a delegation of

DECLASSIFIED
Authority NND 968174

powers at all to a smaller organ called the executive body; whether the delegation of powers could be absolute -- that means whether all powers could be delegated, whether no powers could be delegated, whether the delegation of powers should be expressed as expressed here in this Alternative A; whether general delegation accepts certain points, 1 to 7, or whether the opposite procedure should be accepted to delegate certain powers. What isn't delegated is prohibited to do for the executive body. It means to accept the enumerated powers as we have it in the United States between the Federal Government and the Constitution.

I suppose these two points are the two principles involved in this Article VII, 1.

Mr. Luxford: I feel, in answer to Mr. Blowers' inquiry regarding procedure and whether we would assume that the Joint Statement provision, which is about four lines, should be adopted into the final document or whether one of the alternatives should be adopted, that we should keep in mind that the Joint Statement was merely a statement of principles. It did not in any sense attempt to spell out the machinery for achieving that principle. I think that Alternative A is an attempt to implement that principle to carry its purposes out in a manner that might be inserted into the final agreement. So that you will have specified in this final agreement the machinery by which the Fund will operate. And I do not believe that it would be adequate to simply specify a principle in the final agreement, and we must arrive at some agreement on the precise machinery that will be employed in carrying out our agreement.

The Chairman: I think we may carry on the discussion and reach the second point of our agenda.

DECLASSIFIED

Sir Wilfred Eady (United Kingdom): I don't want to appear to challenge your ruling, but should we not have a discussion on Alternative A? I think the Reporting Delegate put the two questions that are involved very clearly. In the first part, paragraph (a) of Alternative A, we have the suggestion of the method of electing the Board of Governors, the duration of their appointment at the pleasure of their governments, the conception of analternative who has no voting rights except in the absence of his governor, and the provision that the Board from among its members shall select its own chairman.

Now, if I may say so, those seem to be sensible machinery principles. But, of course, they do contain certain questions which it might be convenient to take now. They are not difficult questions. I think it is clear that each member country is entitled to, and indeed must, appoint its representative onto the Board of Governors and it must be free to choose whom it wants by what manner it wants, which is the first point.

The second point, of course, begins to raise a question. I don't think, myself, it is unreasonable but it is a question whether the governors shall serve for five years, subject of course to their government which has appointed them being satisfied with their general conduct and that they may be reappointed. That contains the idea that there is some continuity of personal knowledge, subject to your satisfying the government, but that this continuity is restricted to five years. That is an important principle. That is a very important second in the statement of princples. However wise and however good and however full the articles as a whole are, it will be upon the

DECLASSIFIED

success and wisdom of the machinery that we here create that the working of the Fund will depend and, therefore, even at the risk of underlining some of these things I think they ought to be considered. I am not suggesting they need be debated if we are in general agreement, but I think we must not overlook what we are doing.

Now, B raises a set of different principles. Are we to contemplate that the day-to-day business of the Fund shall be conducted by executive directors, a small number, not all the member countries, but a smaller number to whom the member countries entrust these wide and important tasks. It is difficult to conceive of any other practicable arrangement, seeing the highly technical, highly urgent matters that may come up for decision. But, as I understand the intention of Alternative A, it is felt that while the executive directors can only derive their specific powers from the general assembly, the Board of Governors represents all the member countries and, while they must have such powers as are required to be delegated so that the business of the Fund can be convened, if they can do it, there are certain things where the Fund stands in a different relationship to the member countries who elect the governors where the judgment of the whole of the member countries or by the appropriate voting procedure should be required before action is taken. Now, B contains a question of principle and a question of detail. The question of principle is whether it is right and, indeed, necessary that a large body of governors to start with, perhaps 50 or 55 in the end, shall attempt to do the business of the Fund by an assembly or shall delegate it. I personally have no doubt that the answer is it must delegate if it wants the business done, and I don't

DECLASSIFIED

think that there will be much hesitation in accepting that principle but I think, if I may suggest the problem, we should look very briefly in detail on each of these seven of non-delegable powers and see whether we are satisfied that it is right that these shall not be delegated. I venture to suggest that, although this looks very straightforward and very sensible and, therefore, has not obtained much criticism, we are doing something rather important. So,without any wish to stop your ruling that we proceed to the next item, I do suggest that the representatives might have a minute or two more to raise questions on(A)and(B)on page 24.

Mr. Luxford: I think we would like to join with the gentleman of the United Kingdom in emphasizing the importance of section 1, including paragraph (a) and (b) thereunder. To illustrate: Item (b) "The Board of Governors may delegate to the executive directors authority to exercise any of the powers of the Board itself." And then it lists the powers. I think it might be worthwhile to examine the specific powers that are regarded under this document as not being desirable to delegate to an executive committee or some smaller operating group. The first of those is determining what new members may be admitted and the conditions of their admission. As I understand this document, it is contemplated that the admission of a new member to the Fund is one of the broad problems which all of the members have an interest in and that every country should participate in the decision as to whether a new member should be invited to join the Fund and the terms upon which they should join the Fund. That is particularly important. If we conceive the Fund as an organization that at some point or another may want to invite some of the present enemy countries into its organization, assuming

DECLASSIFIED

that they have been fully defeated, unconditionally surrendered, and there is then the question of whether they should be brought back into the fold of civilized countries, but by all means that should be a question on which all of the countries should vote and all of the countries should have a voice in deciding whether, A, to invite them back into the fold and, B, the terms upon which they will be invited back into the fold.

Turning, then, to the second provision under (b), the provision is that only the Board of Governors should decide whether there should be a revision in the quotas under the Fund. Again, keep in mind that one of the principal considerations on the part of every country is the question of what is its quota since it decides first the accession of a country to the Fund and, secondly, its voting power. Therefore, that is oneof the considerations which only the Board of Govemors should decide. That is a question which no subcommittee should decide, whether a country's quota is going to be changed, whether its voting power is going to be changed, but every country around a table should have a full voice in what happens to its quota. Accordingly, under this provision, the major body, the Board of Govemors, must make those decisions and cannot delegate it to an operating body.

Turning, then, to 3 under (b), "Approving an agreed, uniform change in the par value of the currencies of all member countries," again you are raising at this point one of the fundamental decisions of the whole Fund: Are you going to change the gold value of every country's currency? And under this draft it would be, as interpreted by me at least, one of the problems which only all of the countries sitting in plenary session could decide.

DECLASSIFIED

4. "Requiring a member to withdraw." I think that there would be little doubt but what on a momentous issue of that character, compelling some member to leave the Fund, in a sense to step out of the fold of the whole organization, is not just an economic problem but also a political question and, being so, it is a question which should only be decided when all of the countries are present and giving the country a full opportunity to be heard by all on whether or not its conduct has been such as to warrant the Fund in ousting it.

Item 5. "Deciding appeals against interpretation of the agreement by the executive directors given on application by a member country."

As I understand that provision, it only means that, assuming that it may be necessary in the operation of the Fund for the operating group, the executive directors, to make day-to-day decisions on what are the meanings of the provisions of this Fund in their relationship to countries, nevertheless if a country feels that the operating group's decision is wrong that it will have a right to raise that question when all of the countries are present in plenary session and there discuss whether the decision of the executive committee was correct. When I say "executive committee" I am referring to the managing group, to the executive directors as distinct from the over-all body.

No. 6. "Making agreements to cooperate with other international organizations." Again, you are running into one of the political or major policy decisions of the Fund: Should they enter into certain agreements

with some other international body? And I think we would all feel that that is something that every country should have a voice in and not be decided by any small group.

Finally,"the decision to liquidate the Fund." That really means whether or not the Fund should cease to operate and just as it takes all countries to vote and decide whether you should create this Fund the meaning of this provision is that all countries shall be present by their own representatives in any decision to close down the Fund.

Mr. Brigden (Australia): Mr. Chairman, it occurs to me that we can only make a provisional recommendation on this proposal until we know more about the operations of the Fund. For example, it may become part of the system to suspend a country from the facilities of the Fund, from the use of its resources or for other purposes, and therefore we would under this text be giving power to delegate to the executive committee that right of suspension -- with which I do not disagree. I think it may be a necessary function of the Board. Nevertheless, I think we shall need to come back to these principles when we know more about the operation of the Fund as recommended by the Commission or by Committee 2. Meanwhile, this appears to be a very good starting point, although I am not clear what Item 5 or why Item 5 is necessary at all. Can you, in fact, appeal against the decisions of the executive committee to the executive committee? Is it not automatic that you must appeal to the full body? I should have thought that 5 was not necessary at all-- not necessary to specify 5.

Mr. Luxford: My interpretation of 5 is- - others may differ with me on it --I think the point is that

the decision was that the operating group should not be final, that there should be a right of appeal to the Board of Governors. That is all that was contemplated by 5.

Does that answer your question?

Mr. Brigden: It seems a little awkward to say that the Board of delegates may not delegate the right of appeal to themselves.

Mr. Luxford: That's right, and they do not delegate the right of appeal to anyone else. It is not just the executive committee; they cannot delegate the right of appeal to anyone else.

Mr. Hexner: I should like to indicate one or two issues. The first idea which isemphasized by Sir Wilfred Eady is the problem whether we should delegate members for five years and to the Board ofGovernors. However, there is no doubt that everybody could be recalled by his government whenever the government wanted to recall him. There may be an issue if he by any chance elected to the executive committee representing several countries how this is going to operate. But there is no doubt that the Board of Governors is going to consist of gentlemen, or ladies, who may be recalled whenever the governments want to recall them. The five-year period means that they have to be reappointed after five years. Otherwise, there is no significance in the five years.

Now, the second point is that the Board of Governors obviously has all the rights which are not enumerated or which are not delegated to other bodies. It plays a role like the British Government -- it means rights which are

not given to any other body. The problem whether any single governor not sitting in session has any right of interpolation or a right to ask questions in the meantime is not solved. I suppose it is going to be solved in other regulations. The problem whether one-quarter of the votes should be necessary to call the Board meeting is something touching on the rights of smaller countries and perhaps they may discuss it or put it under discussion.

Mr. Blanchette (Canada): I think that all of us will agree that from the comments we have just heard this section is one of the very important ones which will be used in the management of the administration of this act. If I may be permitted to make a suggestion in order that we may proceed with order, would it not be advisable, Mr. Chairman, to go from section to section and from subsection to subsection in our discussions; in other words, it might be, for example, subsection of VII (a), and then another member will refer to subsection (a) of 1... I feel it would be orderly procedure if we could take one section and then each individual subsection afterwards for comment and consideration.

Mr. Machado: I second the suggestion made by the Delegate from Canada. I understand it is more or less the consensus of opinion that we should try to go as far as we can on Alternative A as a working medium to accomplish what the Joint Statement intended to imply. If we adopt the procedure, I would like at the right time to bring in discussion of Alternative B.

The Chairman: Do I hear objection?

(None)

(An affirmative vote was taken.)

The Chairman: Accordingly, the proposal has been approved.

I think we may initiate the discussion of sub-section 1, (a).

Mr. Monteros (Mexico): It appears clear that the main question to be discussed is whether one-quarter of the member countries should be required to call a meeting or whether as Alternative B suggests only five countries could call a meeting of the Board.

Sir Wilfred: We have no objection. If Alternative B is going to be taken at the same time -- and I haven't heard you say it.

Mr. Monteros: I just wanted to see whether we were discussing (a) under section 1. Therefore, there appears to be an alternative (b).

Mr. Machado: It refers to section (c)

Mr. Monteros: I beg your pardon.

The Chairman: As we have no remarks to the (a) section first, I think we may pass to the (b) section.

Mr. Machado: Mr. Chairman. I don't want to control the attention of the assembly but the word "administration" in the English language has a broader meaning than the word "administration" in the Spanish language, particulary from a legal point of view, and I was wondering if the word might be broadened so that it conveys exactly what I presume it intends. In other words, the Board of Governors would be able to do practically everything and exercise all the powers of the Fund. As I translate it into legal language in Spanish I suppose some Latin American countries would be of the opinion it would not convey that meaning, so

may I suggest in the final draft of this proposal and recommend to the drafting committee that the proper word be used so that the thought be conveyed that all the powers of the Fund shall be vested in the Board of Governors, who shall be in charge of administration of the Fund. Perhaps by reducing the wording more or less of that type we can cover both the English point of view and the Latin American point of view. We have to present this to our legislatures and they would not be construing exactly the meaning unless we have some phraseology that will cover both cases.

Mr. Bitterman: Mr. Chairman, to make it entirely clear, Dr. Machado~~x~~ suggests that in the first sentence of 1 (a) in place of the words "the administration of the Fund" there should be substituted in the final draft the words "all powers of the Fund" so as to make it clear that this is an all-inclusive thing, because in Spanish "administration" has a more limited significance than in English. While I assume that English is to be the final language, it might be cleared, in Dr. Machado's view, so that we will know what we are doing.

Mr. Luxford: Mr. Chairman, I think that is a decided improvement in the clarity of the language.

Mr. Hexner: If I understand well, the proposal is that all powers except those enumerated or assigned in this draft or in this treaty to other agencies ~~xxx~~ or delegated belong to the Board of Governors.

The Chairman: So we may pass on to the letter (b) of section 1.

Mr. Monteros: Mr. Chairman, on section (b), I might add to the comments that have been expressed before here that it seems to me that the Fund can operate with efficiency even if these powers are not delegated in the managing group in as much as all these matters that are not non-delegable do not require immediate decision, so that all of them, in my opinion, can be postponed when they arise until there is a meeting of the Board of Governors. I n other words, the element of time is not here as one of the principal considerations. The Board may meet when it will to consider these questions without hampering the functioning of the Fund as a day-to-day matter in its day-to-day operations.

Mr. Hanc (Jugoslavia): Regarding the clarification of this section 1 (b), in reading these two lines, "the Board of Governors may delegate to the executive directors authority to....." -- does it mean that assuming that these exemptions are approved that the executive directors would be in authority to exercise all the powers? That is, except those exempted ones.

Mr. Hexner: Yes.

Mr. Bryan: Yes.

Mr. Luxford: That is my interpretation.

I think there is one further point. The power to delegate is in the Board of Governors. In other words, the Board of Governors could say, "We are going to delegate certain powers but we have some other powers we don't intend to delegate besides the seven of this document." First they would not delegate the seven enumerated powers but they might say that "we see five other powers that we do not choose to delegate." They have the right to limit further but they cannot go this far.

Mr. Hexner: I would suggest to discuss or to approve the idea whether there is necessity of a quorum to delegate these powers. This is one of the most important decisions in the board of directors' power and perhaps it would be worthwhile to consider in defense of the rights of smaller countries whether the delegation of powers here -- or whether there should be a discussion about that even if it is discussed later in separate sessions. But it is rather important to know whether this delegation of powers can be done by an ordinary majority vote of the board of directors or by a particular quorum.

Sir Wilfred: Mr. Chairman, there is in effect a proposal which comes before the Committee later, on page 26a of the mimeographed document, which makes a proposal for the quorum of the Board of Governors.

Mr. Hexner: B.

Sir Wilfred: Alternative B on 26a makes a proposal so that it will be xx insured that this article when finished does contain an appropriate provision for a quorum.

The Chairman: Are there any new remarks about the letter (b)?

Mr. Brigden: Just one minor point, if I may. I am assuming that the rules of the Board of Governors when they are established will safeguard their rights to vary their delegations at any time at any meeting, that once established it wouldn't be a permanent delegation.

The Chairman: We may pass on to the letter (c).

Mr. Machado: In connection with (c), I raise the question of whether it is appropriate to discuss Alternative B, which is an amendment to section (c).

Mr. Hexner: Yes.

Mr. Machado: I am not familiar with parliamentary rules applicable to the case, but perhaps the approval of(c) would exclude (b) and, vice versa, the approval of (b) would exclude (c). If it is in order, I would like to speak about your Alternative B in which we are interested. We recommend that the right to call a special meeting of the board of directors be given at the request of five member countries. The original proposal of (c) provides that one-quarter of the members shall be required to call a special meeting. At the present moment, one-quarter of the members would be eleven nations, but when the Fund grows -- and we hope that it will grow -- it may include as many as fifty-five or perhaps sixty and the question might be raised where the whole of Latin America in the Fund might not be able to call a meeting. And it is our intention with this suggested amendment that if there is any important problem on whichfive countries feel that a meeting of the Board of Governors should be called that they should be given the right to do so.

Mr. Luxford: Mr. Chairman: I do not think there is any difference in principle anywhere around this table on that question. Everyone agrees in principle, as I should say, that some group less than a majority should be entitled to assemble the whole group for a plenary session. The only question might be whether five countries is adequate. There may be a question as to whether if you did have fifty countries in this organization, the forty-four in assembly here, whether it might be right to assemble the whole Board on a vote of five in the decision of five and whether there might be great inconvenience. I am not sure. I think it should be discussed, though, whether that

might mean that you would be having meetings very frequently, so instead of the board meeting a few times a year on major issues that they will be meeting most of the time, and I should think that if an issue was important enough that it would be possible to get a larger block of countries to support assembling a meeting. But I just throw that on the table for discussion and not in any sense to evaluate whether five is the right figure or whether it ought to be ten or twenty-five percent. I think it should be explained in (c) in Alternative A that the language there is either one-fourth of the countries or one-fourth of the aggregate votes, so that it would be very clear that at all times the American Republics, which are around twenty, could clearly assemble a meeting since it would only requre approximately ten counrties, under Alternat ive A, to assemble a meeting.

Mr. Machado: Mr. President, I would like to explain further, among the powers the Boardwill have will be the power to decide on an appeal from a member nation who may consider it is injured by some decision of the Board, and if a nation has to wait until an annual meeting takes place to decide an appeal that decision may be so injurious to the national economy and the national safety of that nation that we would create a worse situation by not holding a mee ing than we would by holding it. It isn't easy to get all nations to agree to hold a meeting. We have nations in Latin America who do not always agree on a question of policy so when a matter is important enough to call five member countries -- to call a meeting it must have some merit. I believe this would facilitate and give some small nations the right to be heard.

Mr. Hexxxxxx It is worthwhile preserving that amend-

ment.

Mr. Hexner: I would like to clarify this point. There is no general right to appeal against the decisions of the executive body. This refers to one single point and the interpretations of the agreement according to B 5. However, in order to deal with this point perhaps this point B5 could be clarified by the statement of what should happen between the interpretation of the executive committee and the final decision of the board of directors. But there is no general appeal so that this problem of five countries wouldn't have to be discussed from this one aspect. I don't want to discuss myself the question whether it should be given to five countries, the right to call a board of directors meeting.

Mr. Monteros: Before, I was going to speak of this point which to me is very important in principle. It appears in Alternative A -- I mean in point (c) of Alternative A -- that it is either 25 percent of the member countries' vote voting as countries and they can't call a meeting or that 25 percent of the quota vote can call a meeting. Therefore, it appears to me a matter of principle that whereas one or two larger-quota members would call a meeting, I see no reason why we should not support the Cuban proposition, if I may say so.

Mr. Machado: Right.

Mr. Monteros: -- in making it a little larger even than the one or two larger countries if they feel that there is a matter of substance to be discussed by the Board. I feel maybe the difference that Cuba has pointed out is most important for small countries, not only in the matter of appeal but in many other matters that might come up for discussion.

Mr. Beckett (United Kingdom): The speaker just now referred particularly to the reference in sub-paragraph (b) about appeals on interpretations. I suggest, Mr. Chairman, that one cannot go into that in detail until another committee, which is in fact Committee 4, has dealt with the proposals about interpretations. If this committee would look for a minute on page 46, they will see there are on that page two separate proposals about interpretations. When another committee has discussed that and come to some conclusion, the reference to interpreations in (b) of what is before us will become more clear. Until those have been discussed and elucidated the exact meaning of No. 5 here must remain slightly in the vague.

My second point was with regard to the calling of meetings and I think it applies to an observation which was made over here (indicating) under little (c) at the top of page 24a you have this, first of all, a meeting of the Board of Governors can be called whenever the executive directors think it necessary. There is no limit on that. What you have got is a compulsory provision that the executive directors must call a meeting even if they otherwise/didn't want to under certain conditions.

Well, then there is the question of the exact conditions which shall be compulsory when the executive directors do call a meeting, and there we have a point which, after all, reduces itself to somewhat small dimensions, as to whether it should be a quarter of the members -- which, if the total was 40 or 45, would be about 10, as Mr. Luxford said -- or whether it should be five. But it is a problem which reduces itself to fairly small dimensions.

Mr. F - (Brazil): It seems that the principle of preserving the rights of minorities to insure that meetings of the Board shall be held is an important one. It is simply the question of the judgment one might make as to the exact number of members who by getting together shall be able to exercise that right. I think our feeling would be that the proposal of the Cuban representative that the Board would have to be summoned if five member countries so desired might lead to an unnecessary number of meetings -- that is, five is rather a small figure. But, on the other hand, assuming that all the countries were represented joining the Fund it would be necessary to have eleven and, as the Cuban representative pointed out, in the course of time that number might be increased to 15. There is rather a substantial difference between five and fifteen. I would think the figure eight, or something of that nature, would be a reasonable compromise.

Mr. Blowers: Mr. Chairman, the delegate from Cuba referred to the one-fourth figure because of the possibility of the Board increasing the number to possibly sixty. Why don't we compromise and name a number of eleven, which is one-quarter of the present countries? So I suggest the number of eleven instead of five.

(Mr. Sharounis) Argyropoulos
Delegate from Greece: I would suggest that the proposal of the representative of New Zealand to take an intermediate number eleven -- I think that elevenwould be rather a large number. We could fix a definite number between the two -- for instance, eight members.

Mr. Machado: Mr. Chairman, may I again call the attention of the assembly -- five, I know, may look like a rather small number of nations to call a special meeting. As I explained before, I don't believe that there will be

many special meetings except for very special occasions but take the whole of Central America -- we have five nations there, a decision would be taken by the board of directors or some question of policy may be raised in between interim of meetings that may decide the fate and the future of the stability of Central America. Well, if the purpose of this Fund is to precisely create a stable condition around the world I don't believe that nations will be calling meetings continuously just for the pleasure of calling meetings. They would have to call meetings for very unusual circumstances and I ask if we are going to create a situation where the future of the entire Central American section of the world might be in a situation of chaos by not giving them an opportunity to call the special meeting of the Board of Governors. I agree that it might be a very small point to some of those countries that because of their accumulated votes or by some other reasons have the opportunity to call a meeting at any time, but I believe that if a big nation like the United States or United Kingdom can at its pleasure call a special meeting of the Board of Governors for some problemfundamental to their safety and to their economy, whyshouldn't we give a Central American nation the same right?

The Chairman: Well, we aren't making a general discussion of the matter and so I think in order not to lose time it would be good if every representative could present a point of view to the Secretariat and we shall have another discussion about the same points, and so we may have a good knowledge of the matter and we could discuss it better. I propose this to you.

Mr. Luxford: Mr. Chairman, on behalf of the American Delegation, I would like to say that we are greatly impressed by the arguments that have been made on the part of Cuba and the other countries here that the original proposal of one-quarter of the countries is too large and that we are greatly impressed with their argument, and we feel that perhaps it should be five countries or 25 percent of the votes. That is, there is no reason why you shouldn't vote two of them and put them both into the document. I think that that would probably satisfy everyone around thistable.

(Many assents.)

Mr. Luxford: Then five countries can call ameeting or 25 percent of the votes.

Sir Wilfred: I should like to associate myself, on behalf of the United Kingdom, with Mr. Luxford's proposition. We thought the situation was protected by the power of the directors to call a meeting in connection with one country's difficulties, with the one country's dispute; but we also are impressed with the argument of the Cuban delegate and, if I may, on behalf of the United Kingdom, I should like to associate myself with Mr. Luxford's statement.

Mr. Hsi (China): Mr. Chairman, on the question of calling meetings by minority support, the view expressed by Mr. Luxford -- that is, with five member countries or one-quarter of the aggregate vote --

Mr. Blanchette (Canada): Mr. Chairman, we from Canada feel, also, that the argument of the Delegate from Cuba is sound and we would be acceptable to the proposition made that either 25 percent of the votes or five countries could call for a special meeting.

Mr. (Colombia): I also would like to support the suggestion made by the American Delegation. I think it meets the spirit in which the Conference should operate in the future. The Colombian Delegation believes that, after all, there is a constitution of the Fund and that the spirit of the Fund, a plan could be incorporated, a principle, in which countries could be individually representative and maybe each countryought to have to a certain extent an equal voice or vote. That is limited, of course, with the proposal with respect to the capital subscriptions of each of the various countries. I think as a point of principle the adoption of the alternative suggestion of the American Delegation is very important because it proves that the smaller countries are not going to be overrun on the principle of proportion to capital and they will feel that they are sharing on a basis of equality to a further extent than they would otherwise.

Mr. : Mr. Chairman, as one of the delegates I have been very much impressed with the action of the Conference Committee on the question initiated by the distinguished delegate from Cuba, Dr. Machado. It brings to my mind because of the unity and the meeting of minds the words of the psalmist, David, some thousands of years ago, when he said, "How blessed it is for brethern to dwell together in unity." And that has been marked all through this Conference.

The Chairman: And so we may have the proposal of the American Delegation. The gentlemen who are in favor of the proposal of the American Delegation may say "Aye."

Vote: Aye.

The Chairman: Approved.

Mr. Machado: May I thank the assembly for the splendid spirit of cooperation that has been demonstrated at this meeting, and I feel that the small countries are perfectly happy.

Senator Tobey: I was just going to say we recognize what an important country is involved and we are very glad to cooperate with you on this proposition.

The Chairman: We may pass on to the letter (d).

Sir Wilfred: May I have your attention about the last sentence in Alternative B about annual meetings of the Board, whether you would wish to discuss it separately at the end of (c) or as part of (a) once the Alternative B has been put inan amendment to(c).

Mr. Machado: May I say that we have really no interest in the last sentence of Section (c), and it was purely trying to adapt our amendment to the original draft.

Mr. Liautaud (Haiti): I believe, Mr. Chairman, that if we are going from (c) to (d) we should underline the last ~~xxx~~ sentences of Alternative B about annual meetings shall not be held in the same country more than once in five years. Personally, I don't see the necessity for such a statement because if I think of the difficulties that might arise for theboard of directors to move around from one country to another, I personally don't agree with the last sentence of Alternative B, so I would recommend that this sentence be not taken into consideration.

The Chairman: Is there any discussion?

Mr. Machado: I suggest that it be deleted from the Alternative B, the last sentence.

The Chairman: The Delegation of Cuba has proposed that the last sentence of the letter (c) in the Alternative B be eliminated.

Mr. Beyen (Netherlands): I only want to support the protocol.

The Chairman: Members in favor say "Aye."

Vote: Aye.

The Chairman: Approved.

Now, we must adjourn our discussion to four o'clock this afternoon because we haven't time to go to another point. The session is adjourned.

(Whereupon, at 11:25, the meeting was adjourned.)