New Wales
Rm. 29 1712 H St.

COMMISSION III

Auditorium

July 10, 1944 5:00 p.m.

Chairman
Secretary: Mr. Schmidt

CHAIRMAN: The meeting will come to order. The Secretary has noted the absentees and advises that there is a quorum. Mr. P. of the Delegation is Vice Chairman instead of Mr. ~~L~~ (?). Before calling upon the reporting delegate of the Agenda Committee to make the report I want to call attention to the fact that a copy of the report was distributed this monring and additional copies are available. Any delegation wishing extra copies please raise their hands.

I was told that extra copies of the report are available and any delegations that wants an extra copy will raise their hand. I would al so like to ask that any person speaking from the floor first give his name and the name of the delegation he represents in order to facilitate making a record of this preceedings. I now call upon Mr. Beyen of the Netherlands delegation, reporter of the Agenda Committee.

MR. BEYEN (Netherlands): Insert (1) Mr. Chairman, at the first meeting of the Commission III (reads through proposal one).

CHAIRMAN: Is there any comment on this decision.

UNITED KINGDOM (Mr. R.): May I ask a clarification of this point. Is it the intention of this Commission at this afternoon's session in submitting these various proposals

of

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of the committees to give to these committees various directives as to how they are to handle them at their committees.

CHAIR: I think this discussion will give opportunity to all delegates to present their views xxxxxxxxxxxx in support of the motion as recommended and make comments against them. We will present the reports to the commission and a full discussion will take place afterwards.

MEXICO: Mr. Chairman, I move that this proposal be submitted to the committee proposed by the agenda committee for discussion afterwards.

CHAIR: No other comments on this proposition?

UNITED KINGDOM (Mr. xxxxx Brand): I would like to make a few remarks before this is referred to the committee. They will be very brief. The UK delegation has read with interest and I hope with understanding the Mexican proposal. On the other hand, we must all realize that xxxxxintroduced bimetalism into the Fund, is a proposal of fundamental importance and fundamental change. You have, no doubt, heard all of us for many years, perhaps all our lives, controversies with regard to bimetalism and it seems to me perhaps that it is a late date and a late hour to suggest to this conference that the managers of the Fund should be authorized to introduce a bimetallic principle into the working of the Fund. I feel it is necessary to express that view on behalf of UK. delegation. I would add one further word, which is, that UK delegationhas perhaps like other delegations no instructions on this

DECLASSIFIED
Authority NND 883079

on this matter.

CHAIR: Any further comments on this proposition?

PERU: On behalf of the Peruvian delegation I second the proposal made by the delegate from Mexico in order that this proposal be referred to a special ad hoc committee.

Chair: I would suggest that we continue discussing here the report of the Reporting Delegate of the Agenda Committee and then a decision will be taken by the Commission.

INDIA: (Raisman)

I should like to state that gold and silver has been very a matter of/great interest to the country I represent. This delegation also would be unable to participate usefully in any discussions for the purpose of attempting to give the metal a special status in relation ~~to~~ either to national or international monetary weights. We also have no instructions on this matter. I may say that in India the policy in recent years has been directed towards divesting silver of any special significance in the currency arrangements and at the present moment the silver currency of India is of a token character so that if the resulution, when it refers to "silver using countries" has in mind such countries as India which undoubtedly do use silver on a large scale but nevertheless have not allotted to it a function of importance in the monetary system - If, I say, the resolution includes countries such as India, then we should require considerable time in order to study the matter in all its bearings before we could express views on a scale of this kind.

DECLASSIFIED
Authority NND 8,83079

Chair: Any further comments? May I suggest that the reporter of the Agenda Committee continues the reading of his report. If the delegation approves this suggestion say "Aye". I call upon the reporter of the Agenda Committee to continue reading his report.

Reporting Delegate of
(Reporting/Agenda Committee reads Proposal 2)

Insert no 2

Chair: May I hear some comments? There are no comments. I call upon the reporting delegate of the Commission.

(Reporting Delegate reads proposal 3)

Insert no 3.

Chair: Is there any discussion of this point?

United Kingdom: (Brand)

When we speak of the Polish resolution and the French resolution I merely wish to suggest that in remitting these two resolutions this Commission directs the committee to whom these things are remitted that it should, in considering the matter remitted to it, find out first of all what has already been done in this matter. I personally would find it rather difficult as I have not either instructions or information to say exactly what has been done, in the context covered by the Polish resolution, but it is up to the committee to find out what has been done -- what they have been asked to refrain from doing equally - I think the British would be asked to ascertain insofar as we can how these matters are now being dealt with elsewhere and by whom. It would be wasting the committee's time and

DECLASSIFIED
Authority NND 883079

the Commission's time to deal ~~and perfect out~~ on imperfect data the same subject which is being dealt with on a more adequate scale by some other party. I think the committee should find out who is doing what and where. I would suggest further that the committee satisfy itself that whatever it remits to this Commission should be within the terms of ~~reference~~ province to this conference. I think that the Agenda Committee will find themselves in the same position as United Kingdom delegation which has not instructions or up-to-the-minute information as to who is doing what. Both these things should be done by this committee before they consider the ~~proposals~~ resolutions. For instance, in London there is a committee which is seeking to find out where property which is looted is now located. These subjects are covered by the Peruvian and French resolutions - The committee who are considering this subject must find out who is doing what in other fields already. May I suggest therefore that in remitting these two resolutions of the committees, this Commission should give them on the lines and purposes. Let us at least satisfy ourselves that we do know the present position and let us satisfy ourselves that proposals similar in content to those proposals of Peru and French delegation are not being considered by someone else, somewhere else.

Chair: Any further comment? May I call upon the Reporting Delegate.

(Reporting Delegate reads Proposal 4)

Insert #4

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Authority NND 883079

Chairman: Any comments on this proposal?

Norwegian Delegate: On behalf of the Norwegian delegation I should like to say some few words concerning this proposal and I do it for the very special reason that I have been told today by a certain person here that this is a concessionary proposal. There has never been forwarded any less concessionary proposal because it really is what you could call in the language of Ludwick, a proposal of the Dutch, and as I tried to explain that in a few words - The Bank for International Settlements was founded in 1930 in connection with that so-called Young Plan which, as you know, belonged to the history of human failures. To begin with, the main purposes of this bank should be to receive the German annuities each month in acceptable currencies and distribute the payments but already after the Lawson Conference of 1932 that was terminated and then - this concerns us - there was assigned to this bank another purpose, namely to serve as a central instrument of the banks of I. S. in assisting to coordinate the functioning of the gold standard. It is clear that this purpose does come within the scope of the international monetary funds which we are now setting up and it should go without saying that it would be quite a luxury to have two international bodies dealing in that same field. At the moment when the United and Associated Nations is setting up a monetary fund for this purpose it is clear that it would

DECLASSIFIED
Authority NND 8.83079

have to be ~~liquidated~~ liquidating that other institution which has to deal with the same things. But there is one reason more for the necessity of liquidation. The bank for international settlement had 7 original members and out of those 7 original members were 2 chief enemies, Germany and Japan. It is quite clear that under present circumstances it is impossible to have working in the same field an institution while those two main enemy powers partake. So much for the beginning of the Norwegian proposal. Then we have suggested that Russia put up a committee of investigation to look into the transactions of the bank for international settlements during the present war. I heard that this proposal has been interpreted as a very agressive spirit. I must admit I have been the leader of Norwegian fighting forces but here I am not in collaboration with my colleagues - What we want here is simply that the functions of the bank shall be investigated - and why is it of interest just for this conference to ask for such an investigation - Because the bodies we are going to set up they shall work in the same field and then we wish that everything that has been done in this field before shall be cleared up . This does not contain any accusation. I should say the bank for international settlement perhaps may be just as interested in this investigation as representatives of the United Nations and in order to make our position clear I wish to add Norway and the Central Bank of Norway, which I now

Authority NND 8,83079

represent. We have not had any bad experience during the present war from the international bank - It is not with any motive that we claim this investigation and I would like to add that because we proposed that investigation we refuse to enter into any discussion of any of the items that will come under such an investigation because that would be to anticipate and it would not be fit here of any representative of the bank for international settlement to come up and give answer to possible questions. Accordingly we will only ask for a submittance of this proposal of the committee.

Chair: Any further comments of that proposal?

(Reporting Delegate reads proposal 5)

Insert #5

Australia: I would like to say briefly that the Australian delegation considers that this resolution is a suitable, even an essential subject for discussion by the conference. In the first place I imagine there will be very little argument that the maintenance of high levels of employment are in fact necessary for the success of any international agreement such as the monetary fund that we have before us. We are dubious whether it would be possible to persuade nations not to seize the instruments which seemed like prizes to their hands in order to avoid unemployment even though those means in fact prove illusionary - Secondly, we feel that some agreement of this kind may

Authority NND 8.85079

prove necessary even to persuading nations to accept agreements such as the monetary fund. We have often in the past had proposals brought forward for economic collaboration and in most cases, almost invariably, they failed to secure acceptance by the nations who first discussed them and recommended them. We believe that the reason is that ordinary men and women are apathetic to proposals which are too complicated for them to understand. In most circumstances these interests become clamorous in opposition and support from ordinary men and women is lacking. If proposals such as the International Monetary Fund are to have even a reasonable prospect of acceptance we feel they must be set in some framework which the ordinary men and women will feel is essential to certain vital interests which would be regarded as needs. We consider that this is a proper matter for international agreement because levels of employment in one country reacts on international trade and on levels of employment in other countries. Therefore we feel a subject of this kind is suitable for discussion at a conference of this kind.

Chair: Any further comments?

(Reporting delegate reads proposal 6) 7

Insert #7

Chair: Is there any further comment?

Norway: Mr. Chairman, may I be allowed one brief remark. We have here in a way a technical proposal because it deals with a technical relation between the fund and the internal monetary systems. I will only draw your attention

DECLASSIFIED
Authority NND 883079

to this fact that in some countries it might be argued against the fund that it places new and heavy burdens upon the nation because of the gold contribution. If this resolution should be passed it would be very easy to answer that rather dangerous argument.

Chair: May I hear any further remarks?

(Reporting delegate continues to read proposal 7)

Chair: Any discussion?

Norway:

(Reporting delegate reads proposal 8)

Insert #8

Chair: Any discussion?

Norway: I should like to say one remark that the Norwegian delegation considers the treatment of Germany and Japan as a wholly political question that should be resolved by the highest political authorities and it should not be left to difficult consideration of technical bodies like the fund and the bank to make any decision here.

United Kingdom: I agree with Dr. Keilhau - This is primarily a political question - May I ask him if he does not think singling out Germany and Japan and leaving out other enemy countries - Is it our intention to cover merely them or all of the enemy countries?

Norway: Mr. Chairman, may I suggest that this question be submitted to the committee for consideration.

Mexico: Another point in connection with this - May we not in some manner or some other way effect the actions that the proposed political organization may desire to carry

DECLASSIFIED
Authority NND 883079

out to preaching what these countries are to do in other circumstances - may we not handicap the judgment of the others? That is one point - to determine what type of political organization we are to have in the post-war world - One other point is to remember with respect of any resolutions or determination to be made here - ~~xxxxx~~ Germans and Japanese have still to live in the world whether they are out of the fund or in the fund, in the political organization or out of it, they will still be in world.

U.S.S.R.: The U.S.S.R. supports the motion moved by the United Kingdom delegate but considers this question is purely political and to be decided in a like manner and not to discuss this question here and leave this question for the discussion in the respective political organization of different ~~xxxxxxxxxx~~ governments.

Chairman: May I hear some comments?

India: The Indian delegation asserts itself with the view that this is not a subject appropriate for the monetary conference. It is very much wider and we cannot dispose of it, in our opinion, in the time that is left to us.

Chairman: The Commission will decide whether this point should be decided right away or whether we would wait until we hear the report of the committee. Those that favor that it goes to the committee first for a report please say "Aye".

"Aye"

DECLASSIFIED
Authority NND 8,83079

Chairman: Those that favor the contrary proposition please say "no".

"No."

Norway: In this assembly, as in others, where there may be a doubt whether the "ayes" or "no's" have it, every nation should be named in alphabetical order.

Chairman: Those delegates that propose the motion that it be sent to the committee of this delegation - that wants this matter to be discussed by the committee and a further discussion will take place here in the Commission when you hear the report of the committee, please raise hands.

Q. I did not get the motion.

Chairman: The question before the Commission is this - Whether we reject the proposal right away or whether we send it before the committee for further consideration. Those delegations that think this proposal should be rejected right away please raise their hands. -- (hands counted) Those delegations that think this proposal should be taken before the committee for further discussion before the Commission raise their hands -- (hands counted) The "no's" got the decision. So the proposal is withdrawn. May I call upon the reporting delegate.

(Reporting delegate reads proposal 9)

Insert #9

Chairman: We have heard the report of the Agenda Committee - Is there any discussion?

DECLASSIFIED
Authority NND 8,83079

Proposal #12

Bolivia: I wonder, Mr. Chairman, if it would be possible to bring before the Commission a proposal of the Bolivian delegation which we did not have enough time to submit before and has not therefore been considered in the report just read?

Chairman: The motion asks whether he allows the Bolivian proposal to be considered before consideration of the Agenda committee. Those delegations against raise their hands.

Greece: May we know the proposal?

Chairman: I was asking the Commission whether they accepted the motion by the Bolivian delegate to present a proposal before the committee.

Greece: I would like to know what is the proposal. What is the subject?

Chairman: I think the proposal of the Bolivian delegation be referred to the committee. Is there any discussion of the report of the Agenda Committee?

Proposal #13

Brazil: The Bolivian delegation has a proposal to submit. I would take the opportunity to ask whether it is still time for the Brazilian delegation to submit a proposal which is very simple - Simply refers to the question of prices of primary products. In the introduction of the United States proposal for the International Monetary Fund it is stated that an international stabilization fund is only (reads the proposal) The Brazilian proposal which might be, if the Commission agrees, distributed

DECLASSIFIED
Authority NND 8.83079

hand it
and ~~handed~~ to the chair this afternoon simply proposes that a conference be called of United and Associated Nations to deal with prices and commodities.

Chair: If the Commission has no objection I will refer that proposal to Commission 3 - Committee 3, proposed by the Agenda Committee.

Brazil: Although we have not a proposal to make but only an amendment to the proposal already presented by the Peru delegation, I want to mention it here in order that it be referred to the same committee to which the Peruvian proposition will go for study.

Chair: The amendment presented by the Peruvian Delegation will be referred to Committee 3 if the Commission has no objection.

Bolivia: I would like to know what is the course that it should follow - If it is going to be considered in the Commission then the Commission will undoubtedly right now decide which committee it will be referred to but I would not like to leave the thing pending in the air without knowing where it will go and where it will be considered.

Mexico: May I move that the Bolivian proposal be taken up by the Agenda Committee and that the Agenda Committee could remit it to whatever committee it sees fit to take it up. I have read the proposal and if I am not wrong it refers to commercial matters so probably Committee 3 would be the proper ~~kind~~ place, but I think the Agenda Committee should make the final decision. I move, therefore, that

DECLASSIFIED
Authority NND 8,83079

this be remitted to the Agenda Committee and that the Agenda Committee should in turn remit it to one of the three committees which are established.

(Delegation not identified)

Mr. Chairman, I second the motion of the delegate.

Greece: Could not we briefly be informed of the content of the proposal?

Chair: I understand the proposal was distributed this afternoon. If the Commission has no objection the Bolivian delegate might read it.

Bolivian: That iswhat I have been trying to do since I came here. It is a very short proposal so you need not be afraid - (Reads proposal) Proposal #12

Greece: Mr. Chairman; I should like to make a proposal with regard to the proposal - We are here delegated by our governments to discuss the monetary fund and possibly the bank for reconstruction and development. I don't think that we are entitled here to commit our governments in any way with respect to any other subject. It has been decided that besides the two principal commissions which will deal with two principal subjects before us, the third commission will be established to examine any other interesting purported questions which might interest our countries. It will be decided perhaps that ad hoc subcommittees will be established to examine the proposals which have been or may be submitted to this Commission. May I suggest that we direct this committee to examine these proposals in the light that we have stated

DECLASSIFIED
Authority NND 883079

before this to see that our authority here is limited and we cannot in any way commit ourselves, even as experts, or commit our government further than the authorization which we have assumed.

Bolivian: I am of the understanding that no one is committing his government at this conference in any matter.

Cuba: As the new proposal has several indications regarding this proposal - proposal recommending an international commercial conference has been told, the Cuban delegation wants to present to the committee a proposal that may be considered as an amendment or alternative to the Peruvian proposal. I will read the alternative and, as it is clearly stated, I will leave discussion for the Commission - Explanation of our proposal - (Reads proposal) #14

Peru: Mr. Chairman, I move that the motion of the delegate from Cuba be referred to the respective committee.

Chair: If the Commission has no objections I will refer all these proposals to the Third Committee of this Commission. The reporting delegate will continue reading his report. Is there any comment?

(Reporting delegate reads proposal 11)

Chair: Any comment on the proposal?

United Kingdom: Have we come to the end of the resolutions? Is that the last one?

Chair: This is the last one.

DECLASSIFIED
Authority NND 883079

United Kingdom: I would like to make a motion which is in --- that which Mr. Ronald(?) said, that the committees which will pass a resolution in considering all these proposals and proposed resolutions should bear in mind the necessity of acting within the terms of reference of the conference and within the powers of instructions which the delegates have from their governments.

Delegate?

I second that motion.

Netherlands: May I draw your attention to the fact that instructions which the delegations have received are to be promptly referred to any resolution here.

U.S.S.R.: On behalf of the Soviet, we second the motion of the ~~xpx~~ representative of the United Kingdom and think that it would be rather hard to restrict our discussions to those problems which have a direct bearing on the Commission, this conference being a monetary and financial conference is confined to discuss and all other programs although appreciated by ourselves, should be referred to the organizations which would take care of them instead of this commission which is limited in time for the discussion of the Commissions.

DECLASSIFIED
Authority NND 8.83-79

Peru: Mr. Chairman, I think it quite appropriate what the delegate for United Kingdom has done and the Soviet ~~fa~~ delegate has just seconded that motion to restrict its work to those programs with which it has a direct bearing with the main business of the Commission but I am in agreement with the delegate from Norway that I don't see how they could very well take into account all instructions which the different ~~xxxxxxxxx~~ governments have issued their delegates in determining what the Commission should study and should not study. I think that whether it has a direct bearing on the problem or not, I fail to see how the instructions of the different delegates would be taken into account.

Equador: The very fact that the preamble of section 1 of the draft of the Fund Agreement speaks of the prevention of unemployment and associated problems shows that these various proposals, particularly those which have been referred to Committee 3 of Commission 3, are in a general way contained in the agreement. The Plenary Session on the very first day created a Commission III to deal with these problems. To my mind this indicates that we are entitled to study these proposals in committee 3 of Commission III. What we eventually decide as a result of that study is a different matter and that would be for the committee to resolve. For countries like mine, which has contributed to the war

DECLASSIFIED
Authority NND 8,83079

effort to the extent of giving up many materials which it needed for itself. One example, quinine - We have given our entire production of quinine to combat malaria in the tropical regions and our own people in Equador who require it have had to use substitutes. We have increased our production of ~~xxxxxxxxx~~ ? and we are in danger of meeting competition of synthetic products after the war which will curtail our production of these two materials which in turn produces unemployment and all other ills. For that reason I support the idea to submit to Committee 3 of Commission III the various proposals, particularly those of the delegations of Bolivia and Peru which deal most intimately with what I have tried to explain in these few words.

Chair: Any further discussion? I suggest that the committees in sending their report to the Commission will present their views as to whether the subject presented before them comes within the general scope of the purposes of this conference. If the Commission has no objection we will consider the resolution as stated. May I call upon the Reporting Delegate?

(Reporting Delegate reads balance of statement)

Chair: We have now heard a full report of the Agenda Committee. Is there any discussion?

DECLASSIFIED
Authority NND 8,83079

France: Mr. Chairman, allow me to compliment the Agenda Committee on the fine manner in which they have discharged their responsibility. We have due regard to the judicious observations made by the delegates of the United Kingdom and the Soviet Union and of Greece. I feel that the selection of the remaining subjects submitted for study to the three Ad Hoc Committees is justified. I therefore move that the report of the Agenda Committee be accepted and that the chairman of this Commission be empowered to appoint three Ad Hoc Committees to consider and make recommendations with respect to use of silver for international and monetary purposes, enemy assets, looted property and related matters and exchange of information and other means of financial cooperation.

Peru: I second the motion of the French delegate for the appointment of three committees.

Chair: Those in favor say yes - those opposed, no. Proposition is carried. In accordance with the recommendations of the Agenda Committee I appoint the following committees:
Committee 1 - Chairman, Peru.

Reporter, China.

United States, U.S.S.R, Ethopia, Canada, Mexico, Norway, Bolivia. I will ask United Kingdom and India whether they want to be members of this Committee.

India: I think that question I must reserve until I discuss it with other members of the delegation.

DECLASSIFIED
Authority NND 8,83079

United Kingdom: We should like to do the same.

Chair: Committee 2 - Chairman, France
Reporter, Norway
U.S.S.R., China, Belgium,
Holland, Egypt, Netherlands,
Dominican Republic,
Uruguay
Yugoslavia.

Committee 3 - Chairman, Chili
Reporter, Iraq
Greece, Australia,
Nicaragua, United States,
Czechoslovakia, Equador,
Salvador, Free French (Istel),
United Kingdom

Bolivia: May I request that Bolivia be changed to the third committee.

Chair: If there is no other subject before the Commission we adjourn for the day.

Adjourned.

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