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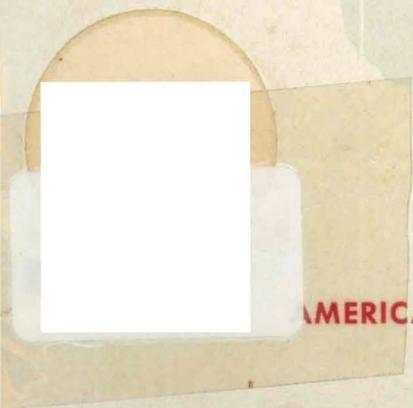
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# PRACTICAL INTERNATIONAL FINANCIAL ORGANIZATION

THROUGH AMENDMENTS TO  
BRETTON WOODS PROPOSALS

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AMERICAN BANKERS ASSOCIATION

PRACTICAL  
INTERNATIONAL  
FINANCIAL  
ORGANIZATION

Through Amendments  
to Bretton Woods  
Proposals

AMERICAN BANKERS ASSOCIATION

FEBRUARY 1, 1945

**T***his report is based upon the studies of the Committee on Federal Fiscal Policy of the Association of Reserve City Bankers, of the Advisory Committee on Special Activities and the Economic Policy Commission of the American Bankers Association, and of the Study Committee on Post-War Problems of the Bankers Association for Foreign Trade. It has been approved by the Administrative Committee of the American Bankers Association.*

# S U M M A R Y

The international financial proposals by the Bretton Woods Conference last July lie primarily in the fields of banking and finance. The banking associations, therefore, have recognized their special responsibility for studying these proposals with care, and for making public their considered judgments concerning them.

We find much that is desirable in the objectives and in certain features of the Bretton Woods plan; but we also find provisions which, in our opinion, are financially unsound and, if adopted, might retard rather than promote enduring recovery.

We suggest a way of preserving and making effective the desirable features of the Bretton Woods proposals while at the same time avoiding their more serious dangers. In brief, we recommend that the plan for the International Bank for Reconstruction and Development be adopted with minor changes, but that the plan for the International Monetary Fund be not adopted, as it embodies lending methods that are unproved and impractical. In lieu of the Monetary Fund we recommend that certain of its features be incorporated into the provisions for the Bank. In this way, we believe, the objectives of Bretton Woods could be achieved and the risks reduced. The details of this proposal and the reasons for it are reviewed in the following pages.

# PRACTICAL INTERNATIONAL FINANCIAL ORGANIZATION

THROUGH AMENDMENTS TO BRETTON WOODS PROPOSALS

## Guiding Principles

The Bretton Woods plan raises many difficult and highly technical questions. In our opinion, however, primary emphasis should be placed not upon technicalities but upon the fundamental principles which should underlie any plans for international financial agreements. Certain of these basic principles were formulated by the American Bankers Association in the report of its Economic Policy Commission, issued in September 1943, after early drafts of monetary plans were made public.

First, that some international institution is desirable: to help nations in stabilizing their currencies; to provide a meeting place for the discussion of monetary questions; to collect information which is a necessary basis for sound decisions; and to make some arrangements for stabilization credits in cases where they are justified, . . . .

Second, that institutions of this sort are no substitute for the hard, patient labor of reestablishing the economic soundness of participating countries, of the balancing of budgets, and readjustments to post-war conditions. Especially important is the economic condition of the key countries, the United States and England. To extend this sort of credit before sound economic programs are established would invite failure and loss. . . .

A third point relates to the general scale and scope of the operations of such an institution. President Dodds of Princeton has recently suggested that any international organization "must not attempt to frame a super-government

so new and unfamiliar that men will not be prepared to participate in it" . . . .

Fourth, credits granted by such an agency should be extended in accordance with proven standards, based on the merits of the individual case, and conditioned on adequate commitments by the debtor. . . . A system of quotas or shares in a pool which gives debtor countries the impression that they have a *right* to credits up to some amount is unsound in principle, and raises hopes that cannot be realized. . . .

In September 1943 the American Bankers Association at its Sixty-Ninth Annual Meeting in New York City adopted the following resolution, in which the governing body of the Association endorsed in general the above-quoted principles.

This Association supports the view that our own progress and well-being, and that of the world, require our active participation with other countries in dealing with post-war problems. Such participation may require generous aid in stricken areas to relieve distress. In addition there will undoubtedly be need of cooperation in measures to restore stability of currencies, broaden the flow of commerce between nations, and encourage international capital investment for rehabilitation and development.

But any plan in which this nation may agree to assist in the stabilization or reestablishment of foreign currencies should incorporate the principle that the value of currencies be fixed in terms of gold. Financial and commercial relations with other countries should accord with sound business principles. While recognizing that enlightened self-interest calls for our participation in efforts to build a better world, yet we fully realize that achievement of the goal depends primarily upon the efforts of people everywhere to help themselves.

## Major Features of the Bretton Woods Proposals

The conference at Bretton Woods resulted in the 44 delegations signing a tentative document which includes detailed plans for an International Monetary Fund and an International Bank for Reconstruction and Development. All signatures, however, were subject to a blanket reservation so as not to bind the several governments in any way. The terms of

its submission to the 44 governments were stated by the chairman of the British delegation, Lord Keynes, as follows:

The whole of our proceedings is ad referendum to our governments who are at the present stage in no way committed to anything. . . . We do not even recommend our governments to adopt the result. We merely submit it for what it is worth to the attention of the governments and the legislators concerned.

There are really two plans, one for a Fund and one for a Bank. They are elaborate and complicated, together filling 85 printed pages of text. A condensed summary of the principal provisions of both is given in the appendix of this report. It is desirable here to draw attention to major points of the Bretton Woods program in relation to the principles set forth in the reports of the American Bankers Association referred to above.

(1) The Bretton Woods program provides machinery for continuing international consultation on currency problems, the collecting of information, and agreement on the "rules of the game" applicable to currency policies and practices. It would provide a place where important people influential in the formulation of currency policies in the different countries might meet regularly and become acquainted with one another's problems.

In these broad purposes the Bretton Woods proposals are in harmony with the principles heretofore endorsed by the American Bankers Association.

(2) The Bretton Woods program for the granting of credits is huge and complicated and the United States would supply a large proportion of the money. The two institutions initially would have a combined capital of about \$18 billion in gold and miscellaneous currencies. Of the total the United States would make a commitment for nearly \$6 billion—about a third of the overall total but more than half of the gold or currencies exchangeable into gold. Even this \$6 billion might not be all that the United States would be expected to supply,

since the Fund has the right to borrow scarce currencies and quotas may by agreement be increased.\*

With respect to size and complexity, the Bretton Woods program departs from the principle that an international organization should be simple and understandable. There are already differences in interpretation.

(3) The plan for the *Monetary Fund* introduces a method of lending which is novel and contrary to accepted credit principles. Under the system of quotas in the Fund, a member country would be virtually entitled to borrow in certain specified annual amounts from the international pool of resources, provided the purposes of such borrowing were represented by it to accord with the broad purposes of the Fund. The borrowing would be subject to certain limitations, but with no stipulation that the loans should be good loans or—once a country had been admitted to full rights of membership in the Fund—that the loans should be based on prior consideration of the economic condition and prospects of the borrowing country.

(4) The Monetary Fund also, in its effort to meet the situation of countries now in uncertain financial position, goes far beyond the principles heretofore accepted by the United States in recognizing and approving changes in currency values and the maintenance of exchange controls. It is noteworthy that in the evolution of the program the name "Stabilization Fund" has been discarded. The difficulty arises inevitably from any attempt while we are still at war to lay down rules that we must live up to after the war and following the transition period. Naturally many countries are reluctant to make firm commitments now as to currency values and removing exchange controls.

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\* "The aggregate facilities (of the Fund) guaranteed by the initial subscriptions of the members under II (2) are smaller than were proposed for the (Keynes) Clearing Union. But they are substantial, and, if necessary, can be increased later on, by general agreement."—Explanatory notes by United Kingdom experts on the International Monetary Fund as proposed in the Joint Statement of the Experts, April 1944.

"The quotas are not so large as under the Clearing Union . . . But they are substantial and can be increased substantially if the need is shown."—Lord Keynes, address to the House of Lords, May 23, 1944.

The commitment is so slight that Lord Keynes has some justification for saying in the House of Lords, "These proposals are the exact opposite to the gold standard."

Nevertheless the United States is asked for a firm commitment in putting up a large part of the internationally valid money.

(5) In contrast to the Fund, the proposed Bank would operate more on the basis of established banking and investment principles, with the criteria that the loans must be investigated in advance by a competent committee and must give adequate promise of repayment. The United States, moreover, would retain in the Bank a veto power over loans payable in dollars. The bulk of the Bank's operations would be financed by the sale of its own obligations or take the form of guaranteeing loans made by others. The Bank plan, therefore, does not call immediately for large amounts of capital subscriptions, as does the Fund. Only the first 10 per cent of the Bank's capital would be called in the first year—some \$300 million in the case of the United States. Another 10 per cent would be subject to call for making direct loans; the remaining 80 per cent would constitute a guarantee fund, to be called only if needed to cover defaults in loans which the Bank has guaranteed or to meet its own obligations.

## Questions to be Considered by the Congress

The international discussions prior to and at Bretton Woods marked a step forward in mutual understanding among the United Nations in one area where cooperation is essential. It is most desirable to capitalize and build upon the progress made. Total rejection of the Bretton Woods plans might delay and endanger future progress toward international understanding in this and other fields. Constructive action is part—and a vital part—of the broader program of international reconstruction, peace, and well-being.

This does not mean that the Congress must accept the conclusions of Bretton Woods in their entirety without change.

Here is one of the largest commitments for the post-war period the United States is being asked to make, both in terms of money and in terms of monetary, economic, and political policies. The discussions up to this point have been conducted largely at the official technical level. No other country has yet acted upon these proposals. The Congress has had no opportunity to obtain the views of others or to formulate its own conclusions. It can hardly be expected to give these plans hurried or perfunctory approval. They call for careful study.

In reading the plans it is easy to become lost in the maze of technical details and thus to overlook the broad economic and human questions which, in the end, are the determining factors. The question is not how an institution ought to work in a perfect world, but how it is likely to work in an imperfect world where decisions are based upon political and human reactions. We need to recognize that all governments are under constant pressure to take the easier way, which is all too often not the sound way. Specifically, if credit is too easily available, governments are apt to use it instead of making the maximum effort to put their economic affairs in order.

With such considerations in mind, the United States may well apply to the Bretton Woods program certain broad tests discussed in succeeding paragraphs.

## Size and Nature of Credit Needs

Among the first questions to consider are these: How much and what kind of money is needed? What commitments should the United States make now?

*Resources Already Available.* Much current discussion seems to imply that the whole world is dependent upon the United States for huge quantities of goods and credits. Actually this is not true.

In the first place, most of the feeding, clothing, and rehousing of the people, and other rebuilding in the stricken

areas, will have to be done at home. These countries will be wanting to put their people to work, and their producers will be striving to recapture their share of the home market. According to President Roosevelt's first report to Congress on United States participation in UNRRA as of September 1944, the liberated peoples of Europe will themselves produce over 90 per cent of their food and clothing and of other supplies they need. In a similar vein is the following statement by M. Ernest Mercier,\* President of Union de L'Electricite and a member of the French delegation to the International Business Conference at Rye: "We need some necessities, but we do not ask for more. Above all, we know that money will not do the job of reconstructing France. Only our own toil will do that—probably ten years of it."

In the second place, the outside world as a whole already has more gold and dollar exchange than ever before, partly as a result of our huge overseas expenditures for our armed forces and for materials. As shown by figures published in the November 1944 Federal Reserve Bulletin, the official holdings of gold and dollars by foreign central banks and governments in September 1944 totaled about \$17 billion. Counting also foreign-owned private banking funds, the total gold and dollars is estimated at about \$20 billion.

Every day the war lasts and our overseas spending continues the total increases. Already in the three years that the Treasury has been considering plans for an international monetary fund, the outside world's holdings of gold and dollars have increased by something like \$7 billion. This is three times the American subscription called for by the original White plan and more than the American commitments called for by both of the Bretton Woods institutions combined. In other words, even while we have been talking about these plans, other countries have been acquiring gold and dollars in large amounts, and there are now few countries without substantial holdings of dollars and gold. At the same time the gold stock in this country has been going down to

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\* Fortune Magazine, January 1945, p. 226.

the point where, in the face of the currency and credit expansion taking place, the President has suggested to the Congress the necessity of lowering the legally required reserves of the Federal Reserve Banks.

Third, with reasonable encouragement, large amounts of private United States dollars are ready to go abroad. The banks are now financing current trade in substantial amounts and are ready to take care of a much larger volume. Many business concerns are preparing to extend their operations to new areas. Some governments can borrow intermediate funds privately in this country, as the Dutch are doing; and they and others should be able to sell dollar bonds here soon after the war ends.

The recent flow of private capital from this country to Mexico since political conditions there have become more favorable is an indication that venture capital is venturesome. To a large extent foreign countries have the power to attract capital, by creating the kind of atmosphere in which investors will be willing to take chances. The between-war experience showed clearly that the best kind of capital flow occurs where enterprisers can go in with their money and stay with their undertakings and see that the capital is productively employed.

*Too Much Money as Bad as too Little.* All this is not to suggest that there will be no need for additional lending facilities involving the use of government credit. But there is danger of providing too much money as well as danger of providing too little. Too much available money tends to encourage unsound and political borrowing, leading to dissipation of resources and grief to both borrower and lender. Such lending is inflationary in tendency, in that it creates large amounts of new spending power. And who knows whether our problem after the war is going to be one of underspending or of overspending?

Experience has indeed shown that comparatively modest sums of money, wisely lent, go a long way. When Great Britain stabilized the pound in 1925, the total stand-by credits

arranged amounted to only \$300 million, none of which was ever actually used. The United States Treasury Stabilization Fund, which since its establishment in 1934 has conducted stabilization operations with some fifteen countries, has never had more than \$50 million in use at any one time. The Export-Import Bank, which is generally recognized as having done a useful job in promoting American trade, has in the ten years of its existence authorized credits of about \$1.2 billion, with actual disbursements of only \$474 million. Outstanding loans in November 1944 were \$223 million and undisbursed commitments were \$367 million.

The point is that with good management and proper methods to stimulate the flow of private capital, the sound need for money is limited. The chief limitation is the power of borrowing countries to absorb money, to use it productively, and to repay it when the time comes. There is no favor to anyone, but rather a grave danger, in ignoring these limitations, getting countries loaded up with too much debt, and adding fuel to the inflationary fires now burning over most of the world.

*Experience after World War I.* We have before us the painful lessons of what we did after the first World War. For more than a decade dollars flowed abroad freely from both public and private purses. Then the movement practically stopped. After the Armistice in 1918 our Government lent other nations over \$3 billion—partly for much needed relief, partly to pay for goods already ordered, and for other purposes. All of this, together with U. S. purchases for its army abroad, failed to prevent a precipitous decline in European currency values. Most of these loans have never been repaid.

Then began the outflow of private funds under government encouragement and in a wave of optimism for the decade of the "new era" in foreign trade. Private advances took three forms:

(1) Bank credit was used to finance trade largely by the use of the acceptance but secondarily through a number of

special corporations organized for foreign trade. Much of the bank credit was good and served a useful purpose, with the outstanding exception of German and Austrian credits. Most of the special corporations suffered heavy losses and were liquidated or absorbed.

(2) Foreign long-term bond issues were floated—over \$8 billion in all. Some were well and carefully made; others were justified only through rosy glasses. Some were to foreign governments and others to foreign companies. When the great depression hit the world economy, nearly half these bonds went into default and we stopped lending. Two lessons stand out in this experience: We lent too much and not carefully enough; we stopped lending too suddenly.

(3) The third type of funds was direct investments by American business in factories, mines, and other enterprises abroad. With investment went care, management, and continuity of policy. We didn't expect to be paid off when the depression fell upon us. Many companies had heavy weather. Some took losses. But, generally speaking, the results have been good. The standard of living has been raised in many countries, and the world is better for what was done. Many lessons have been learned of how and how not to make foreign investments.

This background of experience with foreign loans suggests careful exploration of what the real requirements of foreign borrowers are likely to be after this war, and of the degree to which they can be met by already existing facilities. It suggests also that as government enters the field of foreign lending, whether through national or international organizations, its loans should be made with great care.

## Assurance of Soundness ↙

With regard to the quality of international lending, the Fund and the Bank are in different categories. The proposed International Bank embodies satisfactory principles and procedures: (1) The loans have to be for specific purposes,

(2) they have to be examined by a special committee, (3) they must offer promise of repayment, (4) the country whose currency is lent has a veto power covering all major transactions, (5) much of the operations may take the form of guarantees of loans made through the market and subject to that review, and (6) the Bank will not make loans which can be made reasonably through private channels. If we assume good management, the institution should be able to operate soundly and effectively.

The Fund, on the other hand, has no such definite or effective provisions to safeguard it against misuse. The Fund is set up on the principle of a pool from which each member has a right to draw. This right is subject to the following conditions:

1. The purposes of borrowing must accord with the general purposes of the Fund. These purposes include—besides promoting exchange stability and multilateral clearings—such broad objectives as facilitating and expanding trade and employment.

2. Member countries will not be permitted, without action of the Fund, to borrow more than 25 per cent of their quotas in any twelve months' period nor to an amount where the Fund's holdings of their currencies would exceed 200 per cent of their quotas.

3. Member countries having ample resources of their own and using the Fund will be required at the end of each year to repurchase a certain portion of their currency held by the Fund, under complicated rules. This would retard, not prevent, use of the Fund's resources by countries which do not need the Fund.

4. Members using the Fund will pay a uniform service charge of  $\frac{3}{4}$  of 1 per cent on each transaction plus a graduated charge on Fund holdings of their currencies in excess of their quotas, such charge rising in accordance with a fixed schedule. It will normally take 10 years for the rate to rise to 5 per cent, when the Fund can fix rates at its discretion.

5. In case of serious scarcity of any particular currency, the Fund must formally declare such currency scarce and ration its supply.

6. The Fund may postpone exchange transactions with any member if its circumstances are such that, in the opinion of the Fund, they would lead to use of the resources of the

Fund in a manner contrary to the purposes of the Agreement or prejudicial to the Fund or its members. This limitation appears to apply only to initial transactions between the Fund and a member country.

It will be noted that these limitations are of two types: (1) formulas which are so rigid in their operation as by their very inflexibility to require the insertion of waiver clauses that leave loopholes, and (2) formulas which are so general and vague in their terms that countries—even with the best of intentions—may easily differ as to their interpretation. It is questionable how effective in practice these limitations would be, especially when the whole emphasis of the Fund, as expressed in the Articles of Agreement, is to give countries experiencing difficulties the benefit of every doubt. As opposed to the usual lending practice, which places the responsibility for making out a case for credit upon the borrower, the Fund goes on the theory that the borrower is entitled to credit unless the lender can make out a case to the contrary. And under the Bretton Woods plan the lender is an institution in which the United States would have only a minority vote as compared with actual and potential borrowers.

Confident assertions by proponents of the Fund that political considerations would not enter into the lending are hardly consistent either with practical experience in such matters or with the experience at Bretton Woods, where politics entered quite frankly into the determination of quotas. If it has been found necessary to make concessions of this nature in framing the program, what reason is there to suppose that further departures from principle may not be found expedient after the program has been put into operation?

The suggestion has been made regarding the Fund that the \$2¾ billion the United States would be asked to put up would represent a small sum to risk for the sake of such approach to exchange stability and freedom from exchange controls as the Fund promises. In weighing the rather modest hoped-for advantage against the cost, it must be noted that \$2¾ billion (which is in sober fact a very large sum) is our

initial subscription. When the dollars we put into the Fund are exhausted, as they may well be, we shall then be faced with the same problem, in even more pressing form, that we are faced with today—that is, of putting up dollars or running the risk of seeing this scheme of currency collaboration break down, with consequent centering of the responsibility for failure upon the United States.

The question is not just one of protecting our initial investment, but of not getting started on a policy of making doubtful loans. That policy would subject us to an endless drain on our resources. It would be of little lasting benefit to the borrowers, and we should be running the risk of repeating the disastrous policies of the twenties and thirties when we lent too freely and then stopped altogether.

## Protection of United States Principles and Interests

The United States has a definite national point of view in foreign relations represented by such concepts as those in the Atlantic Charter and the trade policies sponsored by Mr. Hull. In addition, the citizens of the United States have widespread commercial, financial, and cultural interests.

One of the greatest contributions the United States can render to the world is to make available to other countries the virility and productiveness of our system of private enterprise. The operations of any international financial institution could be conducted in such a way as either to encourage or to hamper the spread of the benefits of private enterprise. On the board of any such body there will be representatives of some countries which do not have the same understanding and appreciation of private enterprise that we do.

With these considerations in mind we may well ask the question: How much ought we lend through an international organization and how much through a national body of our own, such as the Export-Import Bank? In both

the International Bank and the Monetary Fund we should be putting up the major share of the internationally valid funds, but we should have only a minority of the votes on the disposition of these dollars. In the case of the Bank we should have a veto power over loans floated in dollars, just as other countries would have such power in respect to loans in their currencies.

There is no such veto power in the case of the Fund. In other words, with the Fund we should be handing over to an international body the power to determine the destination, time, and use of our money. Countries with whom we might be having serious political differences, as was the case with Italy over Ethiopia or Japan over Manchuria, or countries whose trade policies discriminated against the United States, might go right ahead using our dollars, and we should have little power to prevent it.

In many cases there will be substantial advantages in having other countries share with us the responsibility and risk of loans, and this can be done by the Bank effectively because of its structure. In loans to Italy, Poland, or Yugoslavia, for example, the European representatives on the Bank would know more about the facts than we, and could follow more closely the fulfilment from year to year of the condition of the loans; trade policies of neighboring countries, moreover, would affect the goodness of the loans.

In other cases where American interests are closely involved we may find it better to make the loans ourselves through a national organization such as the Export-Import Bank. Its continuance, with sound management, is therefore desirable; it can be especially useful in meeting emergency needs in the period before an international plan can begin operations; and further needs will arise.

The point of this section is that we have national principles and interests to protect and our lending policies will be affected by this just as are the lending policies of other countries. In the Bank plan we would appear to have adequate power of protection; in the Fund we do not.

## Timeliness

Another question is: What should be done now and what should wait? Relief is, of course, a pressing necessity, and must be promptly and generously given. Starving people cannot rebuild their shattered homes and industries or think much beyond where the next meal is coming from. UNRRA has been set up to meet that situation. Along with relief comes reconstruction, which likewise must be tackled without delay. This is largely a question of local governments and their peoples, but it may require in part the use of medium and long-term capital, such as could be provided in the proposed Bank. Only as these preliminary steps are taken, readjustments made, and an orderly economy again started can the stabilization part of the program have secure foundation.

The Congress will need to weigh this question of doing first things first and to determine whether it would be wise to make large sums of money available for stabilization during the transition period when, as we are learning through bitter experience in Greece and in Italy, economic conditions may be in confusion. Who knows today what the French franc is really worth when it sells at 2 cents in the official market and  $\frac{1}{2}$  cent in the black market? Who knows what kind of world we are facing for the next five years—what political, social, and economic conditions?

To set up a stabilization fund under such conditions is to risk becoming involved in attempts to support uneconomic levels of currency, and to use up wastefully funds which should be used constructively at the right time and under the right safeguards.

## Form of Organization

The Bretton Woods plan sets up two separate organizations, a Bank and a Fund. But why should there be two? There would seem to be few advantages in such division of effort and many probable difficulties.

Any program such as has been proposed will require wise and experienced management. The number of men qualified for these highly important posts is limited; and the prospect of divided authority and likelihood of jurisdictional conflicts between two such institutions might prove serious handicaps in attracting such men. The Congress might well consider the potential confusion and extra burden upon the public of the activities of two institutions with possibly overlapping powers. Washington's wartime experience with multiple government agencies has shown us that where two agencies are created to work in the same general field the result is a tangle of red tape, increased expense, lost time, duplication of reports, and decreased efficiency. Moreover, if, as seems possible, the cooperating nations should demand that the Fund be located in one country and the Bank in another, conflicts between the two would seem almost inevitable.

If the Congress should decide to create only a single institution, the Bank might by minor changes in its charter, as suggested later in this report, carry on the desirable functions of the Fund. The Bank might readily provide the meeting place for international consultation and agreement on monetary policies which the Bretton Woods program delegates to the complicated Fund. The other essential of the Fund is the provision of stabilization credits, which the Bank could supply with little change in its provisions and under more satisfactory safeguards.\*

## Other Parts of the Program

Certainly a key question for the Congress is how this program fits into related elements of the international picture. A financial program cannot stand by itself. It can hope to be successful only as it is supported by effective agreements on international security and commercial policy. We need free-

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\* This suggestion was discussed by Dr. John H. Williams in Foreign Affairs for October 1944.

dom from fear of war and freedom from hampering trade barriers, subsidies, and other economic weapons.

Among the resolutions adopted at the Bretton Woods Conference was the important declaration that the objectives and purposes of the International Monetary Fund "cannot be achieved through the instrumentalities of the Fund alone." The resolution declared that governments, in addition to implementing the Conference's monetary and financial proposals, should seek in the field of international economic relations "conditions necessary for the attainment of the purposes of the Fund." The ramifications of the problem are indicated by the following points specifically enumerated in the resolution as calling for agreement:

(1) Reduce obstacles to international trade and in other ways promote mutually advantageous international commercial relations;

(2) Bring about the orderly marketing of staple commodities at prices fair to the producer and consumer alike;

(3) Deal with the special problems of international concern which will arise from the cessation of production for war purposes; and

(4) Facilitate by cooperative effort the harmonization of national policies of member states designed to promote and maintain high levels of employment and progressively rising standards of living.

In other words, the Conference recognized that currency stability is not a matter of monetary mechanisms alone, but depends upon actions and policies in other directions as well. This again suggests the need for keeping the financial mechanism we adopt now simple and flexible so that it can fit with the other elements in the program as they develop.

The British situation is a vital factor in any stabilization program, for Britain has been a great center of world trade and finance on which many parts of the world depend. Much of her substance has been drained off in this war. An essential step in world recovery is a plan for Britain. We ought to know more about that before making large commitments.

## The Post-War Budget

Involved in this whole question of viewing all the pertinent parts of the international picture is the need for putting together some budget of what our overall post-war expenditures may be. Our national resources are not unlimited, and the American taxpayer is already carrying a heavy burden. Economic stability in the United States is necessary to world stability, and we can maintain stability here only as we resist the inflationary pressures which arise from loose fiscal policies and as we avoid taxes which stifle enterprise. Before entering into large scale commitments for any part of the foreign program, it would seem reasonable to prepare an estimate of post-war needs.

### An Alternative Suggestion

The foregoing questions for the consideration of the Congress present a complicated and difficult problem. As a contribution toward its solution, the Advisory Committee on Special Activities of the American Bankers Association and the Federal Fiscal Policy Committee of the Association of Reserve City Bankers and the Study Committee on Post-War Problems of the Bankers Association for Foreign Trade have agreed on the following specific suggestions. These proposals are approved by the Administrative Committee of the American Bankers Association, which was authorized by action of the Convention in September 1944 to speak for the Association.

(1) That the capital funds of the Export-Import Bank be increased to \$2 billion, first to provide means for meeting promptly deserving credit needs prior to the setting up of an international bank, and second to enable the United States to make loans in which this country has special interest and which can be made more effectively through a national institution than through an international body.

(2) That the Johnson Act and any analogous provisions in the Neutrality Act now standing in the way of private loans to certain foreign countries be repealed.

(3) That the Bretton Woods plan for an International Bank of Reconstruction and Development be adopted, but with the following suggested changes:

(a) That the two paragraphs in the Bank agreement which make membership in the Bank dependent on membership in the Fund be deleted.

(b) That an article be added placing on the governors and directors of the Bank responsibility for arranging and negotiating agreements between the member countries with respect to the stabilization of currencies, removal of exchange controls as rapidly as practicable, and the general rules of procedure in carrying out monetary policies.

(c) That the Bank be authorized to collect information with respect to monetary and economic matters as outlined in the Monetary Fund proposal.

(d) That the lending powers of the Bank be broadened sufficiently to allow it to make loans, under the same safeguards as the other loans of the Bank, for the purpose of aiding countries in stabilizing their currencies.

As an administrative matter, it is presumed that with the adoption of the above recommendations, which do not include approval of the proposed Fund, the Bank would set up, under properly qualified management, a separate department to deal with currency stabilization. The experience of central banks constitutes a reservoir of information and experience which should be tapped by the Bank, and every effort should be made to see to it that qualified central bankers participate in the management of the Bank.

These provisions should enable the Bank to carry out all the essential purposes of the Fund in a sound and practical manner. The capital provided in the Bank plan should be adequate for all the purposes included in the amended proposal.\* If, after a few years' operation, successful results dem-

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\* Initially \$9.1 billion; ultimately \$10 billion.

onstrate the need for more capital, there is nothing to prevent reconsideration of the subject at that time.

A certain number of safeguards should be thrown around the operations of the Bank in the enabling legislation which the Congress adopts in approving the Bank. These should include the provision that the American governor and director of the Bank should be appointed by the President with the advice and consent of the Senate and that they should be men of tested banking experience.

Provision should also be made for a United States directing committee consisting of officers such as the Secretary of State, the Secretary of the Treasury, the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System, a representative of the Federal Reserve Banks, the Foreign Economic Administrator, and the President of the Export-Import Bank. This committee might instruct the American governor or director of the Bank in important decisions of broad policy affecting the welfare of the country. The committee also might act as the agency of the United States in those matters in which the articles of the Bank call for a decision by this Government. There should also be provision for regular consultation between this committee and the appropriate Congressional committees and formal reports at regular and frequent intervals to the President and the Congress.

In addition to suggesting this amended plan, the banking committees again reaffirm the position which the American Bankers Association has taken repeatedly: that a primary foundation for the stabilization of currencies is the firm stabilization of the United States dollar in relation to gold.

The committees also reaffirm the position heretofore taken by the American Bankers Association that any plan for general stabilization of currencies can endure only if it is based on sound internal economic policies of the nations and on sound international economic policies, including trade arrangements which encourage a continued two-way flow of trade. Nations cannot repay foreign loans unless they can

market their products. To bring this about, a continuing and vigorous effort will be necessary for the reduction of trade barriers, for the elimination of special privileges, discriminatory bilateral arrangements, etc. The committees look with favor on efforts in these directions being made in connection with the security program discussed at Dumbarton Oaks, including the proposed Social and Economic Council.

## Conclusion

American bankers are keenly desirous of securing positive, constructive, and effective action in establishing means for international monetary cooperation. This is one of the essential steps in a broad program for world reconstruction and laying the foundation for lasting peace.

The interest of the bankers in this program is the same as that of their 50,000,000 customers, and of the people as a whole. The well-being of all Americans will be affected for good or ill by the action that may be taken on these proposals. Any plan adopted will be a new experiment in international cooperation on a scale never before attempted. An international organization at best offers such serious practical operating difficulties that we must try hard to make this one simple, understandable, and workable.

The committees of three major banking organizations, having studied the Bretton Woods plans with great care, make the foregoing recommendations in the belief that, with able and experienced management, the plan proposed would prove sound and effective over a term of years in achieving the major objective of international financial cooperation. The committees believe that the Monetary Fund as drafted is unsound and would increase the already grave danger of inflation; would delay fundamental economic adjustments; and would fail to protect the principles and interests of the United States and her citizens. They believe that the simplified program they here suggest would accomplish the desired

purposes more effectively and with much less danger. They believe that it would be accepted as readily by other countries and would wear better in the realities of this chaotic world.

The responsibility for decision lies with the Congress, in the light of broad political and economic as well as technical considerations. We hope the Congress will act positively and with as much promptness as is consistent with the careful scrutiny the problem requires.

# Appendix A

CONDENSED SUMMARY OF PRINCIPAL PROVISIONS OF  
THE PROPOSED INTERNATIONAL MONETARY FUND AND  
INTERNATIONAL BANK FOR RECONSTRUCTION AND  
DEVELOPMENT

# F U N D

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## **Official Purposes**

To promote international monetary cooperation through a permanent institution.

To facilitate expansion of international trade and contribute thereby to high levels of employment and real income.

To promote exchange stability and avoid competitive exchange depreciation.

To assist in establishing multilateral clearings of current transactions and in eliminating foreign exchange restrictions.

To provide "under adequate safeguards" resources to member countries to aid them in correcting maladjustments in their balance of payments.

---

## **Nature and Size**

An international fund, to consist principally of national currencies and to a lesser extent of gold, subscribed by member countries in accordance with schedule of "quotas" in the plan. (See Appendix B.)

**CAPITAL**      Initial total quotas equivalent of \$8.8 billion.

Gold value of the Fund to remain constant despite changes in exchange rates of any member. A member reducing par value of its currency unit would supply the Fund with additional national currency. A member increasing the par value of its currency unit would receive currency back from the Fund.

Quotas may be changed by 4/5 majority of total voting power, but not without consent of member concerned.

**PROPORTION  
IN GOLD**

Each member to pay in gold the lesser of 25% of its quota or 10% of its net official holdings of gold and U. S. dollars, and the balance in its national currency. (Special exceptions for countries occupied during the war.)

# BANK

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## Official Purposes

To assist reconstruction and development in member countries by facilitating capital investment for productive purposes.

To promote private foreign investment by means of guarantees or participations in loans and other investments made by private investors.

To supplement private investment, when private capital is not available on reasonable terms, by providing, on suitable conditions, finance for productive purposes.

To promote long-range balanced growth of international trade and the maintenance of equilibrium in balances of payments, and thereby to raise productivity, living standards, and labor conditions.

---

## Nature and Size

An international institution, to consist of national currencies and of commitments in national and other currencies, and to a minor extent of gold, subscribed by member countries in accordance with schedule of capital subscriptions in the plan. (See Appendix C.)

Authorized capital equivalent of \$10 billion, of which 44 nations represented at Bretton Woods would subscribe \$9.1 billion. 20% of subscriptions to constitute Bank's own loan fund and 80%, a guarantee fund to cover losses on Bank's own obligations or guarantees.

**CAPITAL**

A member reducing par value of its currency unit would supply additional currency to maintain the value of its currency held by Bank. If par value of member's currency is increased, member to receive currency back from the Bank.

Capital stock may be increased by  $\frac{3}{4}$  majority of total voting power, but no member obligated to subscribe to additional stock.

Each member to pay initially only 2% of its subscription in gold or U. S. dollars. (Special exceptions for countries occupied during the war or whose gold reserves have been immobilized by reason of the war.)

**PROPORTION  
IN GOLD**

Calls to make good on Bank's guarantees must be met in gold, U. S. dollars or the currency that will discharge the obligation.

# F U N D

**TIME OF PAYMENT** Member subscriptions to be paid in full on or before date member becomes eligible to use the Fund.

**U. S. SHARE** U. S. total quota \$2,750 million, of which 25%, or about \$687 million would be in gold.

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## *Membership*

Original members to be countries represented at Bretton Woods which accept membership by December 31, 1945.

Membership to be open to other countries as determined by the Fund.

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## *Management and Voting Power*

**MANAGEMENT** Overall management to be in a Board of Governors consisting of 1 Governor and 1 alternate appointed by each member and meeting at least once a year.

Conduct of general operations (except decisions on certain specified points) to be delegated to an Executive directorate of at least 12 members in continuous session and including 5 representatives of countries with 5 largest quotas, 2 others appointed by Latin American countries, and 5 elected by other members. Two additional Directors may be appointed to represent the two countries, if not already represented, the currencies of which are being reduced below their quotas in the largest absolute amounts.

Executive Directors to select a Managing Director as chief of the operating staff.

# BANK

Of the 20% serving as Bank's own loan fund, 2% must be paid in gold or dollars within 60 days and a further 8% in national currencies within the first year; not more than 5% is callable in any three months. The 80% serving as guarantee fund is callable as needed.

**TIME OF  
PAYMENT**

U. S. shares \$3,175 million, of which 2% (\$63 million) may (but need not) be paid in gold.

**U. S. SHARE**

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## **Membership**

Original members to be the members of the Fund which accept Bank membership by December 31, 1945.

Membership to be open to other members of the Fund as determined by the Bank.

---

## **Management and Voting Power**

Overall management to be in a Board of Governors consisting of 1 Governor and 1 alternate appointed by each member and meeting at least once a year.

**MANAGEMENT**

Conduct of general operations (except decisions on certain specified points) to be delegated to an Executive directorate of 12 members in continuous session, including 5 representatives of countries with the 5 largest number of shares and 7 elected by the other countries.

Executive directors to select a President as chief of operating staff.

Bank to have an Advisory Council of not less than seven persons selected by Board of Governors, including representatives of banking, commercial, industrial, labor, and agricultural interests, and with "as wide a national representation as possible." In fields where specialized international organizations exist, the members of the Council representative of those fields to be selected in agreement with such organizations. The Council to "advise the Bank on matters of general policy" and to meet annually or as often as Bank requests.

# F U N D

**VOTING POWER** Each member to have 250 votes, plus 1 vote for each \$100,000 of its quota. On this basis U. S. share would be 28%.

Voting on certain questions, viz:—

(a) whether or not to waive certain of the limitations on a member's use of the Fund or

(b) on question of declaring a member ineligible to use the Fund because of misuse of the privilege—

would be on an adjusted sliding scale. Countries whose currencies were being borrowed from the Fund would get one additional vote for each \$400,000 net of their currencies borrowed while countries borrowing would suffer a corresponding decrease in voting power (provided net purchases or net sales do not exceed the quota of the member involved).

On this basis, the U. S. might have its voting power increased from 28 to 35 per cent, assuming the Fund's supply of dollars was fully exhausted.

Except as otherwise provided, all decisions to be by a majority of the votes cast.

---

## **Terms and Conditions of Lending**

### **QUANTITATIVE LIMITATIONS**

Each member is entitled to borrow (purchase other members' currencies in exchange for its own) from the Fund, subject to the quantitative and qualitative limitations mentioned below.

Member not to be permitted to borrow more than 25% of its quota in any 12-months period nor to an amount where the Fund's holdings of its currency exceed 200% of its quota. (See "Exceptions," below.)

Member country having monetary reserves in excess of its quota at end of each year to be required to repurchase  $\frac{1}{2}$  of any increase occurring in Fund's holdings of its currency, plus  $\frac{1}{2}$  of any increase in own monetary reserves or minus  $\frac{1}{2}$  of any decrease in own monetary reserves. Another repurchase provision is intended to limit use of one currency such as the dollar, for example, for financing adverse balances of payments between two other countries. These adjustments not to be carried to a point reducing the member's monetary reserves below quota, or the Fund's holdings of the member's currency below 75% of quota, or raising the Fund's holdings of any currency used for repurchase above 75% of quota of the member concerned.

# B A N K

Each member to have 250 votes, plus  $\frac{1}{2}$  vote for each \$100,000 of subscribed stock, regardless of extent to which calls have been made for payments on subscriptions. On this basis U. S. share would be 31.4%.

## VOTING POWER

There is no sliding scale voting arrangement like that of the Fund.

Except as otherwise provided, all decisions to be by a majority of the votes cast.

---

## ***Terms and Conditions of Lending***

**Bank may make or facilitate loans to members, and to political subdivisions and business, industrial, or agricultural enterprises in the territory of a member, subject to the quantitative and qualitative limitations mentioned below.**

## QUANTITATIVE LIMITATIONS

Total outstanding guarantees, participations, and direct loans to be limited to a maximum of 100% of unimpaired subscribed capital, reserves, and surplus of the Bank.

Bank must be satisfied in each case that the borrower would otherwise be unable to obtain the loan under "reasonable" conditions.

# F U N D

## **QUANTITATIVE LIMITATIONS (Cont'd)**

If the demand for a particular currency "seriously threatens the Fund's ability to supply that currency," the Fund must formally declare such currency "scarce" and ration its supply, thus limiting the amount of it any individual member may borrow.

Members borrowing from the Fund in excess of their gold contribution would pay a graduated charge, progressing with volume and duration of borrowing. (See "Commissions and Charges" below.)

## **QUALITATIVE LIMITATIONS**

Borrowing from Fund must be for purposes represented to be consistent with the provisions of the Agreement.

Members not to make net use of the Fund to meet large or sustained outflow of capital. Nor is the Fund intended to provide facilities for relief or reconstruction or to deal with international indebtedness arising out of war.

Fund may postpone initial exchange transactions with any member if its circumstances are such that, in opinion of the Fund, they would lead to use of the resources of the Fund in a manner contrary to the purposes of the Agreement or prejudicial to the Fund or its members.

## **OTHER SAFEGUARDS**

Whenever Fund is of the opinion that any member is using the Fund contrary to its purposes, the Fund may limit the member's use of the Fund or declare it ineligible to use the Fund.

## **EXCEPTIONS**

There are, however, important exceptions to the above limitations. For example—

Fund may at its discretion suspend the provisions limiting member's annual and overall borrowings.

Fund may suspend the general provision that use of its resources must be for purposes consistent with the provisions of the Agreement.

Fund, by a three-fourths majority of total voting power, may alter the graduated scale of charges on member's borrowing.

# B A N K

## QUANTITATIVE LIMITATIONS (Cont'd)

When a member in whose territories the project to be financed is located is not itself the borrower, the member or the central bank or some comparable agency acceptable to the Bank, must fully guarantee principal and interest and other charges.

## QUALITATIVE LIMITATIONS

Loan projects must be investigated and approved in advance in a written report by a "competent" committee after "careful study" of their merits.

Bank must "pay due regard to the prospects that the borrower, and, if the borrower is not a member, that the guarantor, will be in position to meet its obligations under the loan."

Loans or guarantees must, except in "special circumstances," be for specific projects of reconstruction or development.

Bank may borrow funds or guarantee loans only with approval of the member in whose markets the funds are raised and the member in whose currency the loan is denominated.

Bank to make arrangements to ensure that proceeds of loans are used only for the purposes intended, with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences.

## OTHER SAFEGUARDS

In case of loans made by the Bank, the borrower to be permitted to draw on the proceeds only for expenses actually incurred.

## EXCEPTIONS

# F U N D

## **Commissions and Charges**

Fund to levy a uniform service charge of  $\frac{3}{4}$  of 1% upon any member purchasing another member's currency from the Fund, with discretionary limits ranging from  $\frac{1}{2}$  of 1% to 1%.

In addition to above service charge, members using the Fund would pay a graduated charge, progressing with volume and duration of borrowing. Under this scale, applying only to net borrowing (e.g. borrowing in excess of a member's gold subscription) a country could borrow net up to 25% of its quota without charge for 3 months, after which it would pay  $\frac{1}{2}$ % for the next 9 months, and a  $\frac{1}{2}$ % step-up each year thereafter. On net borrowing between 25 and 50% of quota, the country would pay an additional  $\frac{1}{2}$ % for the first year, with a further  $\frac{1}{2}$ % increment each successive year,—and so on up the scale. Assuming that the country exercises its full borrowing rights each year and assuming that it does not fall subject to the repurchase provisions, it would take 5 years for the overall rate (excluding service charge) to reach  $2\frac{1}{2}$ %, 8 years to reach 4%, and 10 years to reach 5%, after which time the Fund could fix rates at its discretion.

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## **Determination of Exchange Rates**

Par values of currencies to be expressed in gold or in U. S. dollars of present weight and fineness.

Initial par values to be those prevailing on the 60th day prior to inauguration of the Fund, providing that both Fund and member countries agree. (Exceptions made for countries which have suffered enemy occupation.)

The par value of a member's currency may be changed only on its own proposal except in case of general revaluation which a country may decline to follow.

Members to agree not to change exchange rates without consultation with the Fund, and not to propose changes except to correct a "fundamental disequilibrium."

Beyond initial changes of up to 10%, changes in rates require approval of the Fund, which must concur if satisfied change is to correct a "fundamental disequilibrium." Fund cannot object because of "domestic social or political policies of the member."

A member making unauthorized changes in par value of its currency to be denied use of the Fund, unless Fund otherwise determines. In case of continuing disagreement, member may be required to withdraw from the Fund by majority vote of Governors representing a majority of total voting power.

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# B A N K

## ***Commissions and Charges***

Interest and commissions on direct loans of the Bank's own capital funds to be determined by the bank.

Rates of commission on loans financed by sale of the Bank's own obligations or by its guarantees to be not less than 1% nor more than 1½% per annum, and to apply on the outstanding portion of any such credits. After 10 years the rate of commission may be reduced, both on new loans and old loans still outstanding, or it may be increased on new loans, at discretion of the Bank.

---

# F U N D

## **Scarce Currencies**

In case of general scarcity of a particular currency:

(1) The Fund may issue a report setting forth causes of the scarcity, and recommending remedial measures.

(2) The Fund may replenish its holdings of the scarce currency by—

(a) borrowing the currency from the member or from some other source with the member's approval,

(b) requiring the member to sell its currency for gold.

(3) If the demand for the currency seriously threatens the Fund's ability to supply it, the Fund must formally declare the currency scarce and ration its supply. Such declaration will authorize other members, after consultation with the Fund, to impose temporary exchange restrictions in the scarce currency.

---

## **Transitional Period**

Fund is not intended to provide facilities for relief or reconstruction or to deal with international indebtedness arising out of war.

Notwithstanding other provisions of this Agreement, members may maintain and adapt to changing circumstances (and in case of members which have been occupied by the enemy introduce where necessary) restrictions on payments for current international transactions, such restrictions to be withdrawn as soon as practicable.

Not later than three years after Fund begins operations, the Fund shall report on restrictions on current transactions still in force; five years after operations begin and annually thereafter, any member still retaining such restrictions shall consult with the Fund. The Fund may if it deems action necessary "in exceptional circumstances" suggest that conditions are favorable for withdrawal of the restrictions. If the member persists in maintaining restrictions inconsistent with the purposes of the Fund, the member may be declared ineligible to use the resources of the Fund.

Fund shall recognize that the transitional period is one of change and adjustment and, in reaching decisions on member's request, shall give the member the benefit of any reasonable doubt.

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# B A N K

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## ***Transitional Period***

The Bank shall assist in the reconstruction and development of territories of members by facilitating the investment of capital for productive purposes, including the restoration of economies destroyed or disrupted by the war and the reconversion of productive facilities to peacetime needs.

To facilitate the restoration and reconstruction of member countries which have suffered war damage, the Bank, in determining the conditions and terms of loans, shall pay special regard to lightening the financial burden and expediting the completion of such restoration and reconstruction.

# F U N D

## ***Furnishing Information***

Fund to have authority to require members to furnish information necessary for its operation, and to serve as a center for collection and exchange of information on monetary and financial problems.

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## ***Withdrawal from Membership***

Any member to be permitted to withdraw from the Fund by giving notice in writing.

Settlement of accounts to be by agreement between the member and the Fund, or, in the event of disagreement, in accordance with a schedule outlined in the plan.

# B A N K

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## ***Withdrawal from Membership***

Any member to be permitted to withdraw from the Bank by giving notice in writing.

Member withdrawing from the Bank to remain liable for its direct and contingent liabilities to the Bank so long as any part of the loans or guarantees contracted before it ceased to be a member are outstanding.

# Appendix B

## INTERNATIONAL MONETARY FUND QUOTAS AND ESTIMATED GOLD SUBSCRIPTIONS OF MEMBERS REPRESENTED AT THE UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

Quotas [In millions of United States dollars]	
Australia .....	200
Belgium .....	225
Bolivia .....	10
Brazil .....	150
Canada .....	300
Chile .....	50
China .....	550
Colombia .....	50
Costa Rica .....	5
Cuba .....	50
Czechoslovakia .....	125
Denmark .....	( <sup>1</sup> )
Dominican Republic .....	5
Ecuador .....	5
Egypt .....	45
El Salvador .....	2.5
Ethiopia .....	6
France .....	450
Greece .....	40
Guatemala .....	5
Haiti .....	5
Honduras .....	2.5
Iceland .....	1
India .....	400
Iran .....	25
Iraq .....	8
Liberia .....	5
Luxembourg .....	10
Mexico .....	90
Netherlands .....	275
New Zealand .....	50
Nicaragua .....	2
Norway .....	50
Panama .....	5
Paraguay .....	2
Peru .....	25
Philippine Commonwealth .....	15
Poland .....	125
Union of South Africa .....	100
Union of Soviet Socialist Republics .....	1,200
United Kingdom .....	1,300
United States .....	2,750
Uruguay .....	15
Venezuela .....	15
Yugoslavia .....	60
<b>Total .....</b>	<b>8,800</b>
Estimated Gold Subscriptions	
United States .....	687.5
Others .....	<sup>2</sup> 955.5
<b>Total .....</b>	<b>1,643</b>

<sup>1</sup> The quota of Denmark shall be determined by the Fund after the Danish Government has declared its readiness to sign this Agreement but before signature takes place.

<sup>2</sup> Figure based on gross official gold and dollar holdings at the end of March 1944. In cases where gold reserves are not reported officially the figures have been estimated and are subject to revision. In general, gold confiscated in invaded countries is attributed to those countries since their claims will presumably be honored after the war. To the extent that there have been net transfers of such gold to other accounts there is double counting.

SOURCE: "Bretton Woods Agreements" by E. A. Goldenweiser and Alice Bourneuf, Federal Reserve Bulletin, September 1944.

# Appendix C

## REQUIRED SUBSCRIPTIONS TO THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT OF COUNTRIES REPRESENTED AT THE UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

[In millions of United States dollars]

Country	Total subscription	Amount of total subscription which may be used	
		For Bank's own loan fund <sup>1</sup>	Only to meet Bank's obligations
Australia .....	200	40	160
Belgium .....	225	45	180
Bolivia .....	7	1.4	5.6
Brazil .....	105	21	84
Canada .....	325	65	260
Chile .....	35	7	28
China .....	600	120	480
Colombia .....	35	7	28
Costa Rica .....	2	.4	1.6
Cuba .....	35	7	28
Czechoslovakia .....	125	25	100
Denmark .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Dominican Republic .....	2	.4	1.6
Ecuador .....	3.2	.64	2.56
Egypt .....	40	8	32
El Salvador .....	1	.2	.8
Ethiopia .....	3	.6	2.4
France .....	450	90	360
Greece .....	25	5	20
Guatemala .....	2	.4	1.6
Haiti .....	2	.4	1.6
Honduras .....	1	.2	.8
Iceland .....	1	.2	.8
India .....	400	80	320
Iran .....	24	4.8	19.2
Iraq .....	6	1.2	4.8
Liberia .....	.5	.1	.4
Luxembourg .....	10	2	8
Mexico .....	65	13	52
Netherlands .....	275	55	220
New Zealand .....	50	10	40
Nicaragua .....	.8	.16	.64
Norway .....	50	10	40
Panama .....	.2	.04	.16
Paraguay .....	.8	.16	.64
Peru .....	17.5	3.5	14
Philippine Commonwealth .....	15	3	12
Poland .....	125	25	100
Union of South Africa .....	100	20	80
Union of Soviet Socialist Republics.....	1,200	240	960
United Kingdom .....	1,300	260	1,040
United States .....	3,175	635	2,540
Uruguay .....	10.5	2.1	8.4
Venezuela .....	10.5	2.1	8.4
Yugoslavia .....	40	8	32
<b>Total .....</b>	<b>9,100</b>	<b>1,820</b>	<b>7,280</b>

<sup>1</sup> Twenty per cent of total subscription. Of this amount 10 per cent or a total of 182 million dollars must be paid in gold or United States dollars.

<sup>2</sup> The quota of Denmark shall be determined by the Bank after Denmark accepts membership in accordance with the Articles of Agreement.

SOURCE: "Bretton Woods Agreements" by E. A. Goldenweiser and Alice Bourneuf, Federal Reserve Bulletin, September 1944.

# American Bankers Association

## ADMINISTRATIVE COMMITTEE

- W. Randolph Burgess, Vice Chairman of Board The National City Bank of New York, N. Y., and President American Bankers Association, *Chairman*
- Harold V. Amberg, Vice President and General Counsel First National Bank, Chicago, Illinois
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- George H. Greenwood, Chairman of Board Pacific National Bank, Seattle, Washington
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- William C. Way, Trust Officer Central National Bank, Cleveland, Ohio
- G. Harold Welch, Secretary Connecticut Bankers Association, New Haven, Connecticut
- A. L. M. Wiggins, President Bank of Hartsville, Hartsville, South Carolina

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- Ray Harrison, Vice President Mellon National Bank, Pittsburgh, Pennsylvania

- Richard S. Hawes, Vice President First National Bank, St. Louis, Missouri
- Harold H. Helm, Vice President Chemical Bank and Trust Company, New York, N. Y.
- William A. Mitchell, Vice President J. P. Morgan & Company, Incorporated, New York, N. Y.
- Gordon D. Palmer, President First National Bank, Tuscaloosa, Alabama
- Levi P. Smith, President Burlington Savings Bank, Burlington, Vermont
- Raymond H. Trott, Vice President Rhode Island Hospital Trust Company, Providence, Rhode Island
- E. S. Woosley, Vice President Louisville Trust Company, Louisville, Kentucky
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## Association of Reserve City Bankers

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- Fred F. Florence, President Republic National Bank, Dallas, Texas
- H. Hiter Harris, President First and Merchants National Bank, Richmond, Virginia
- Percy H. Johnston, Chairman Chemical Bank and Trust Company, New York, N. Y.
- James R. Leavell, President Continental Illinois National Bank and Trust Company, Chicago, Illinois
- William A. Mitchell, Vice President J. P. Morgan & Company, Incorporated, New York, N. Y.
- Andrew Price, President National Bank of Commerce, Seattle, Washington

- James D. Robinson, President First National Bank, Atlanta, Georgia
- Charles E. Spencer Jr., President First National Bank, Boston, Massachusetts
- J. C. Traphagen, President Bank of New York, New York, N. Y.
- G. M. Wallace, President Security-First National Bank, Los Angeles, California

## Bankers Association for Foreign Trade

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