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MONETARY AND FINANCIAL  
CONFERENCE**

**Bretton Woods, New Hampshire, U.S.A.  
July 1 to July 22, 1944**

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## FOREWORD

The text of the Final Act of the United Nations Monetary and Financial Conference held at Bretton Woods, New Hampshire, U. S. A., was published by the Government of India in November 1944. Certain further documents have since been released by the American State Department and this additional material (excepting a list of the officers of the Conference) is now published for general information.

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## STATEMENT BY PRESIDENT ROOSEVELT\*

June 29, 1944

TO THE MEMBERS OF THE UNITED NATIONS MONETARY AND FINANCIAL  
CONFERENCE:

I welcome you to this quiet meeting place with confidence and with hope. I am grateful to you for making the long journey here, grateful to your Governments for their ready acceptance of my invitation to this meeting. It is fitting that even while the war for liberation is at its peak, the representatives of free men should gather to take counsel with one another respecting the shape of the future which we are to win.

The war has prodded us into the healthy habit of coming together in conference when we have common problems to discuss and solve. We have done this successfully with respect to various military and production phases of the war, and also with respect to measures which must be taken immediately after the war is won—such as relief and rehabilitation, and distribution of the world's food supplies. These have been essentially emergency matters. At Bretton Woods, you who come from many lands are meeting for the first time to talk over proposals for an enduring programme of future economic co-operation and peaceful progress.

The programme you are to discuss constitutes, of course, only one phase of the arrangements which must be made between nations to insure an orderly, harmonious world. But it is a vital phase, affecting ordinary men and women everywhere. For it concerns the basis upon which they will be able to exchange with one another the natural riches of the earth and the products of their own industry and ingenuity. Commerce is the life blood of a free society. We must see to it that the arteries which carry that blood stream are not clogged again, as they have been in the past, by artificial barriers created through senseless economic rivalries.

Economic diseases are highly communicable. It follows, therefore, that the economic health of every country is a proper matter of concern to all its neighbours, near and distant. Only through a dynamic and a soundly expanding world economy can the living standards of individual nations be advanced to levels which will permit a full realization of our hopes for the future.

The spirit in which you carry on these discussions will set a pattern for future friendly consultations among nations in their common interest. Further evidence will be furnished at Bretton Woods that men of different nationalities have learned how to adjust possible differences and how to work together as friends.

The things that we need to do, must be done—can only be done—in concert. This Conference will test our capacity to co-operate in peace as we have in war. I know that you will all approach your task with a high sense of responsibility to those who have sacrificed so much in their hopes for a better world.

FRANKLIN D. ROOSEVELT.

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\* Read by the Secretary General of the Conference at the Inaugural Plenary Session, July 1.

## ADDRESS BY THE HONOURABLE HENRY MORGENTHAU, JR.

AT THE INAUGURAL PLENARY SESSION, JULY 1, 1944

FELLOW DELEGATES AND MEMBERS OF THE CONFERENCE:

You have given me an honour and an opportunity. I accept the presidency of this Conference with gratitude for the confidence you have reposed in me. I accept it also with deep humility. For I know that what we do here will shape to a significant degree the nature of the world in which we are to live—and the nature of the world in which men and women younger than ourselves must round out their lives and seek the fulfilment of their hopes. All of you, I know, share this sense of responsibility.

We are more likely to be successful in the work before us if we see it in perspective. Our agenda is concerned specifically with the monetary and investment field. It should be viewed, however, as part of a broader programme of agreed action among nations to bring about the expansion of production, employment and trade contemplated in the Atlantic Charter and in article VII of the mutual-aid agreements concluded by the United States with many of the United Nations. Whatever we accomplish here must be supplemented and buttressed by other action having this end in view.

President Roosevelt has made it clear that we are not asked to make definitive agreements binding on any nation, but that proposals here formulated are to be referred to our respective Governments for acceptance or rejection. Our task, then, is to confer, and to reach understanding and agreement, upon certain basic measures which must be recommended to our Governments for the establishment of a sound and stable economic relationship among us.

We can accomplish this task only if we approach it not as bargainers but as partners—not as rivals but as men who recognize that their common welfare depends, in peace as in war, upon mutual trust and joint endeavour. It is not an easy task that is before us; but I believe, if we devote ourselves to it in this spirit earnestly and sincerely, that what we achieve here will have the greatest historical significance. Men and women everywhere will look to this meeting for a sign that the unity welded among us by war will endure in peace.

Through co-operation we are now overcoming the most fearful and formidable threat ever to be raised against our security and freedom. In time, with God's grace, the scourge of war will be lifted from us. But we shall delude ourselves if we regard victory as synonymous with freedom and security. Victory in this war will give us simply the opportunity to mould, through our common effort, a world that is, in truth, secure and free.

We are to concern ourselves here with essential steps in the creation of a dynamic world economy in which the people of every nation will be able to realize their potentialities in peace; will be able, through their industry, their inventiveness, their thrift, to raise their own standards of living and enjoy, increasingly, the fruits of material progress on an earth infinitely blessed with natural riches. This is the indispensable cornerstone of freedom and security. All else must be built upon this. For freedom of opportunity is the foundation for all other freedoms.

I hope that this Conference will focus its attention upon two elementary economic axioms. The first of these is this: that prosperity has no fixed limits. It is not a finite substance to be diminished by division. On the contrary, the more of it that other nations enjoy, the more each nation will have for itself.

There is a tragic fallacy in the notion that any country is liable to lose its customers by promoting greater production and higher living-standards among them. Good customers are prosperous customers. The point can be illustrated very simply from the foreign-trade experience of my own country. In the pre-war decade, about 20 per cent. of our exports went to the 47 million people in the highly industrialised United Kingdom; less than 3 per cent. went to the 450 million people in China.

The second axiom is a corollary of the first. Prosperity, like peace, is indivisible. We cannot afford to have it scattered here or there among the fortunate or to enjoy it at the expense of others. Poverty, wherever it exists, is menacing to us all and undermines the well-being of each of us. It can no more be localized than war, but spreads and saps the economic strength of all the more-favoured areas of the earth. We know now that the thread of economic life in every nation is inseparably woven into a fabric of world economy. Let any thread become frayed and the entire fabric is weakened. No nation, however great and strong, can remain immune.

All of us have seen the great economic tragedy of our time. We saw the world-wide depression of the 1930's. We saw currency disorders develop and spread from land to land, destroying the basis for international trade and international investment and even international faith. In their wake, we saw unemployment and wretchedness—idle tools, wasted wealth. We saw their victims fall prey, in places, to demagogues and dictators. We saw bewilderment and bitterness become the breeders of Fascism and, finally, of war.

In many countries controls and restrictions were set up without regard to their effect on other countries. Some countries, in a desperate attempt to grasp a share of the shrinking volume of world trade, aggravated the disorder by resorting to competitive depreciation of currency. Much of our economic ingenuity was expended in the fashioning of devices to hamper and limit the free movement of goods. These devices became economic weapons with which the earliest phase of our present war was fought by the Fascist dictators. There was an ironic inevitability in this process. Economic aggression can have no other offspring than war. It is as dangerous as it is futile.

We know now that economic conflict must develop when nations endeavour separately to deal with economic ills which are international in scope. To deal with the problems of international exchange and of international investment is beyond the capacity of any one country, or of any two or three countries. These are multilateral problems, to be solved only by multilateral co-operation. They are fixed and permanent problems, not merely transitional considerations of the post-war reconstruction. They are problems not limited in importance to foreign-exchange traders and bankers but are vital factors in the flow of raw materials and finished goods, in the maintenance of high levels of production and consumption, in the establishment of a satisfactory standard of living for all the people of all the countries on this earth.

Throughout the past decade, the Government of the United States has sought in many directions to promote joint action among the nations of the world. In the realm of monetary and financial problems this Government undertook, as far back as 1936, to facilitate the maintenance of orderly exchanges by entering into the Tripartite Agreement with England and France, under which they, and subsequently Belgium, the Netherlands, and Switzerland, agreed with us to consult on foreign exchange questions before important steps were taken. This policy of consultation was extended in the bilateral exchange arrangements which we set up, starting in 1937, with our neighbours on the American continents.

In 1941, we began to study the possibility of international co-operation on a multilateral basis as a means of establishing a stable and orderly system of international currency relationships and to revive international investment. Our technical staff—soon joined by the experts of other nations—undertook the preparation of practical proposals, designed to implement, international monetary and financial co-operation. The opinions of these technicians, as reported in the joint public statement which they have issued, reveal a common belief that the disruption of foreign exchanges *can* be prevented, and the collapse of monetary systems *can* be avoided, and a sound currency basis for the balanced growth of international trade *can* be provided, if we are forehanded enough to plan ahead of time—and to plan together. It is the consensus of these technical experts that the solution lies in a permanent institution for consultation and co-operation on international monetary, finance, and economic problems. The formulation of a definite proposal for a Stabilization Fund of the United and Associated Nations is one of the items on our agenda.

But provision for monetary stabilization alone will not meet the need for the rehabilitation of war-wrecked economies. It is not, in fact, designed toward that end. It is proposed, rather, as a permanent mechanism to promote exchange stability. Even to discharge this function effectively, it must be supplemented by many other measures to remove impediments to world trade.

For long-range reconstruction purposes, international loans on a broad scale will be imperative. We have in mind a need wholly apart from the problem of immediate aid which is being undertaken by the United Nations Relief and Rehabilitation Administration. The need which we seek to meet through the second proposal on our agenda is for loans to provide capital for economic reconstruction, loans for which adequate security may be available and which will provide the opportunity for investment, under proper safeguards, of capital from many lands. The technicians have prepared the outline of a plan for an International Bank for Post-war Reconstruction which will investigate the opportunities for loans of this character, will recommend and supervise them and, if advisable, furnish to investors guarantees of their repayment.

I shall not attempt here to discuss these proposals in detail. That is the task of this Conference. It is a task the performance of which calls for wisdom, for statesmanship, above all for good will.

The transcendent fact of contemporary life is this—that the world is a community. On battlefronts the world over, the young men of all our united countries have been dying together—dying for a common purpose. It is not beyond our powers to enable the young men of all our countries to *live* together—to pour their energies, their skills, their aspirations into mutual enrichment and peaceful progress. Our final responsibility is to them. As they prosper or perish, the work which we do here will be judged. The opportunity before us has been bought with blood. Let us meet it with faith in one another, with faith in our common future, which these men fought to make free.

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**ADDRESS BY THE HONOURABLE HENRY MORGENTHAU, Jr.**

**AT THE CLOSING PLENARY SESSION, JULY 22, 1944**

I am gratified to announce that the Conference at Bretton Woods has successfully completed the task before it.

It was, as we knew when we began, a difficult task, involving complicated technical problems. We came here to work out methods which would do away with the economic evils—the competitive currency devaluation and destructive impediments to trade—which preceded the present war. We have succeeded in that effort.

The actual details of an international monetary and financial agreement may seem mysterious to the general public. Yet at the heart of it lie the most elementary bread-and-butter realities of daily life. What we have done here in Bretton Woods is to devise machinery by which men and women everywhere can freely exchange, on a fair and stable basis, the goods which they produce through their labour. And we have taken the initial step through which the nations of the world will be able to help one another in economic development to their mutual advantage and for the enrichment of all.

The representatives of the 44 nations faced differences of opinion frankly, and reached an agreement which is rooted in genuine understanding. None of the nations represented here has altogether had its own way. We have had to yield to one another not in respect to principles or essentials but in respect to methods and procedural details. The fact that we have done so, and that we have done it in a continuing spirit of good will and mutual trust, is, I believe, one of the hopeful and heartening portents of our times. Here is a sign blazoned upon the horizon, written large upon the threshold of the future—a sign for men in battle, for men at work in mines and mills and in the fields, and a sign for women whose hearts have been burdened and anxious lest the cancer of war assail yet another generation—a sign that the peoples of the earth are learning how to join hands and work in unity.

There is a curious notion that the protection of national interests and the development of international co-operation are conflicting philosophies—that somehow or other men of different nations cannot work together without sacrificing the interests of their particular nations. There has been talk of this sort—and from people who ought to know better—concerning the international co-operative nature of the undertaking just completed at Bretton Woods. I am perfectly certain that no delegation to this Conference has lost sight for a moment of the particular national interests it was sent here to represent. The American delegation, which I have had the honour of leading, has at all times been conscious of its primary obligation—the protection of American interests. And the other representatives here have been no less loyal or devoted to the welfare of their own people.

Yet none of us has found any incompatibility between devotion to our own countries and joint action. Indeed, we have found on the contrary that the only genuine safeguard for our national interests lies in international co-operation. We have come to recognize that the wisest and most effective way to protect our national interests is through international co-operation—that is to say, through united effort for the attainment of common goals. This has been the great lesson taught by the war and is, I think, the great lesson of contemporary life—that the peoples of the earth are inseparably linked to one another by a deep, underlying community of purpose. This community of purpose is no less real and vital in peace than in war, and co-operation is no less essential to its fulfilment.

To seek the achievement of our aims separately through the planless, senseless rivalry that divided us in the past, or through the outright economic aggression which turned neighbours into enemies, would be to invite run again upon us all. Worse, it would be once more to start our steps irretraceably down the steep, disastrous road to war. That sort of extreme nationalism belongs to an era that is dead. To-day the only enlightened form of national self-interest lies in international accord. At Bretton Woods we have taken practical steps toward putting this lesson into practice in the monetary and economic field.

I take it as an axiom that after this war is ended no people—and therefore no government of the people—will again tolerate prolonged and widespread unemployment. A revival of international trade is indispensable if full employment is to be achieved in a peaceful world and with standards of living which will permit the realization of men's reasonable hopes.

What are the fundamental conditions under which commerce among the nations can once more flourish?

First, there must be a reasonably stable standard of international exchange to which all countries can adhere without sacrificing the freedom of action necessary to meet their internal economic problems.

This is the alternative to the desperate tactics of the past—competitive currency depreciation, excessive tariff barriers, uneconomic barter deals, multiple currency practices and unnecessary exchange restrictions—by which governments vainly sought to maintain employment and uphold living standards. In the final analysis, these tactics only succeeded in contributing to world-wide depression and even war. The International Fund agreed upon at Bretton Woods will help remedy this situation.

Second, long-term financial aid must be made available at reasonable rates to those countries whose industry and agriculture have been destroyed by the ruthless torch of an invader or by the heroic scorched-earth policy of their defenders.

Long-term funds must be made available also to promote sound industry and increase industrial and agricultural production in nations whose economic potentialities have not yet been developed. It is essential to us all that these nations play their full part in the exchange of goods throughout the world.

They must be enabled to produce and to sell if they are to be able to purchase and consume. The Bank for International Reconstruction and Development is designed to meet this need.

Objections to this Bank have been raised by some bankers and a few economists. The institutions proposed by the Bretton Woods Conference would indeed limit the control which certain private bankers have in the past exercised over international finance. It would by no means restrict the investment sphere in which bankers could engage. On the contrary, it would greatly expand this sphere by enlarging the volume of international investment and would act as an enormously effective stabilizer and guarantor of loans which they might make. The chief purpose of the Bank for International Reconstruction and Development is to guarantee private loans made through the usual investment channels. It would make loans only when these could not be floated through the normal channels at reasonable rates. The effect would be to provide capital for those who need it at lower interest rates than in the past and to drive only the usurious money lenders from the temple of international finance. For my own part, I cannot look upon this outcome with any sense of dismay.



Capital, like any other commodity, should be free from monopoly control and available upon reasonable terms to those who will put it to use for the general welfare.

The delegates and technical staffs at Bretton Woods have completed their portion of the job. They sat down together, talked as friends and perfected plans to cope with the international monetary and financial problems which all their countries face. These proposals now must be submitted to the legislatures and the peoples of the participating nations. They will pass upon what has been accomplished here.

The result will be of vital importance to everyone in every country. In the last analysis, it will help determine whether or not people have jobs and the amount of money they are to find in their weekly pay envelopes. More important still, it concerns the kind of world in which our children are to grow to maturity. It concerns the opportunities which will await millions of young men when at last they can take off their uniforms and come home and roll up their sleeves and go to work.

This monetary agreement is but one step, of course, in the broad programme of international action necessary for the shaping of a free future. But it is an indispensable step and a vital test of our intentions.

Incidentally, to-night we had a dramatic demonstration of these intentions. To-night the Soviet Government informed me, through Mr. Stepanov, chairman of its delegation here in Bretton Woods, that it has authorized an increase in its subscription to the International Bank for Reconstruction and Development to \$1,200,000,000. This was done after a subscription of \$900,000,000 had been agreed upon unanimously by the Conference. By this action, the Union of Soviet Socialist Republics is voluntarily taking a greatly increased responsibility for the success of this Bank in the post-war world. This is an indication of the true spirit of international co-operation demonstrated throughout this Conference.

We are at a crossroads, and we must go one way or the other. The Conference at Bretton Woods has erected a signpost—a signpost pointing down a highway broad enough for all men to walk in step and side by side. If they will set out together, there is nothing on earth that need stop them.

REPORT OF COMMISSION I  
(INTERNATIONAL MONETARY FUND)  
TO THE EXECUTIVE PLENARY SESSION

July 20, 1944

Reporting Delegate: LOUIS RASMINSKY, Canada.

MR. PRESIDENT:

I have the honour to report to the Conference on the work of Commission I, which was set up by the Conference at its second plenary session on July 3 to consider proposals for the establishment of an International Monetary Fund. The Commission has ended its work with complete success. It held nine sessions under the distinguished chairmanship of Dr. Harry D. White (delegate of the United States of America) whose firm guidance helped bring the Commission safely around all difficult corners. I know that I am voicing the unanimous and sincere feeling of all members of the Commission when I express to Dr. White our deep appreciation of the manner in which he conducted our deliberations.

The Commission carried on a large part of its business through four standing committees, dealing respectively with the Purposes, Policies, and Quotas of the Fund, with the Operations of the Fund, with the Organization and Management of the Fund, and with the Form and Status of the Fund. In all, these standing committees held 26 meetings, and each of them established several sub-committees. In addition, the Commission set up *ad hoc* committees on Uniform Changes in Par Values of Currencies, Exchange Controls on Current Payments, Depositories, Relations with Non-Member Countries, Special Problems of Liberated Areas, Voting Arrangements and Executive Directors, Quotas and, towards the end of its deliberations, a Special Committee on Unsettled Problems. The task of recording the decisions of Commission I was entrusted to a Drafting Committee.

At its final session on July 19, 1944, the Commission adopted the Articles of Agreement of the International Monetary Fund. It is my privilege to transmit to the Conference these Articles of Agreement; they are annexed to this report and form part thereof.\*

I am certain that all members of the Conference will share my view that it has been no small achievement for the representatives of 44 countries to have reached agreement on the desirability of establishing an International Monetary Fund and on the conditions which should govern its operations. The subject is a highly technical and complicated one; and the new and bold vision it embodies might have been expected to render agreement difficult to attain.

I think there are two main reasons why it has been possible for the Commission, in the short time which has elapsed since it held its first meeting on July 3, to achieve this result. In the first place the technical preparation of this Conference was admirable. The preparation went on steadily for about 18 months before the Conference convened. As has happened so often in the history of ideas a brilliant concept was developed simultaneously and independently in different parts of the world. In April, 1943, the Clearing Union proposal, which will always remain associated with the great name

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\* Not printed as an annex to this report. See Articles of Agreement of the International Monetary Fund as contained in the Final Act, Cmd. 6546, p. 16.

of Lord Keynes, was published in the United Kingdom, and the original American plan for a Stabilization Fund of the United and Associated Nations, the work of Dr. White and his able collaborators, was published in this country. Before and after publication, informal discussions took place between the authors of these proposals and the representatives of interested countries. Like the more formal proceedings of this Conference, these conversations were non-committal in character and did not bind governments to agree to or support the proposals discussed.

After the United States Treasury officials had held a series of bilateral talks with officials of other governments, they thought it well to organize a more general exchange of views, which took place among the representatives of some 20 countries at Washington in June, 1943. After that, bilateral and group talks continued in Washington, in London, and elsewhere, and the officials of certain other countries, including France and Canada, put forward proposals along the same general lines as the British and the American.

As a result of these discussions, the area of agreement on principles was found to be very wide, and this having been ascertained, there was no great difficulty in reaching a satisfactory accommodation as regards the secondary questions relating to techniques and amounts. This accommodation was embodied in the Joint Statement by Experts on the Establishment of an International Monetary Fund of the United and Associated Nations, which was published simultaneously in many of the world's capitals in April, 1944, and which constituted the main working paper of Commission I.

The final stage of preparation for the work of this Conference was the informal pre-conference discussions which took place at Atlantic City from June 15 to June 30, 1944. This meeting provided a useful opportunity for a preliminary exchange of views and it helped materially to shorten and focus the discussions here.

So much for the preparatory work. I repeat that the technical preparation of the Conference was excellent and was largely responsible for the results that have been achieved. I am sure that the Conference has every reason to be grateful to those who gave so unstintingly of their time and effort in the preliminary stages of this work.

But no amount of technical preparation would have been adequate if there had not been in all delegations a single-minded determination to accomplish positive results at Bretton Woods. I have said earlier that at a relatively early stage in the preliminary discussions there was found to be general agreement on major points of principle. These major points of principle I conceive to be three in number: First, that an exchange rate in its very nature is a two-ended thing, and that changes in exchange rates are therefore properly matters of international concern; second, that the peace and prosperity of all will be served by countries agreeing to avoid not only competitive devaluations of their currencies but also exchange restrictions on their current international transactions and bilateralist currency practices of a discriminatory nature; and finally, that means must be found to increase the international liquidity of all countries, to give them assurance that temporary deficits in their international balances of payments can be met without resorting either to deflationary measures which reduce real income and employment at home, the maintenance of which is, in the words of the document I am transmitting to you, one of the "primary objectives of economic policy," or alternatively, to internationally anti-social measures, such as excessive tariffs and other important restrictions.

I wish to pause here for a moment to comment on these last two objectives. The Commission, in asking governments to assume the obligation to make

their currencies freely convertible so that each country can count on using the proceeds of its exports to any part of the world to pay for imports from any part of the world, has been sufficiently realistic to recognize that certain countries will not be able to assume this obligation at once. There are some countries, notably the United Kingdom, who have without calculation or hesitation thrown all they had, including their foreign assets, into the common struggle against our enemies, with the result that they will emerge from the war as heavy debtors on international account. It would be quite unreasonable to ask such countries to assume at once the burden of making their currencies convertible; and in the report I am transmitting to you, arrangements are provided under which this obligation is deferred, without the countries concerned being in any sense in default of the general obligations they would assume in becoming parties to the Fund Agreement. They do, however, undertake to withdraw exchange restrictions, except on capital transactions, as soon as practicable and to consult with the Fund regarding any which may be maintained after a relatively short period of years.

My second comment relates to the provisions of the Agreement under which members of the Fund may, on specified terms and conditions, purchase foreign exchange for their own currencies in specified amounts. These provisions have given rise to considerable misunderstanding and I think it right to state that the Fund is not regarded, and should not be regarded, as an institution for the provision of long-term capital requirements. The quota of each country should be regarded as an extra reserve to give it confidence to face the uncertain future and not as the primary source of foreign exchange to meet its international commitments. Long-term financing through the Fund must not be practised, and the Fund Agreement contains provisions designed to this end. A perfect balance will, of course, not be achieved and it would be idle to pretend that there may not, especially in the first few years of the Fund's operations, be some tendency toward meeting other than purely temporary requirements through the Fund. But the Agreement itself makes it clear that "the Fund is not intended to provide facilities for relief or reconstruction." It is intended "to provide members with an opportunity to correct maladjustments in their balance of payments" and "to shorten the duration and lessen the degree" of such maladjustments. In this connection, the Agreement recognizes that creditor as well as debtor countries may be responsible for balance-of-payments difficulties.

I have already said, and repeated, that a wide measure of agreement was found on the three general principles I enunciated. In spite of this, there developed in the deliberations of Commission I, a considerable difference of opinion on detailed provisions. Let me take as an example the important question of exchange stability. There is universal agreement that one of the main purposes of the Fund is "to promote exchange stability, to maintain orderly exchange arrangements among members, and to avoid competitive exchange depreciation." The precise provisions to give effect to this purpose were, however, the subject of considerable debate. There were some who attached so much importance to exchange stability that they desired to give the Fund great authority to prevent changes in exchange rates; while others started from the position that this was a matter of sovereign right and that there should be no suggestion of interference on the part of the Fund. In the end a text was developed and incorporated in the Articles of Agreement which steers a course between these two extreme views. All were willing to accept this middle course. In the text which was developed there is preserved intact the principle that changes in exchange rates are matters of international concern.

And similarly with other important provisions of the Agreement. In passing from the joint statement, which consisted of 39 paragraphs, to the Articles of Agreement, over 130 alternatives were formally submitted and considered; for some provisions as many as 11 alternatives were put forward. In the end, one single text was agreed on for each of the 80 sections and 5 lengthy schedules of the Agreement.

I mention these facts not on account of any interest in the figures themselves but to place clearly on record that the various delegations have been animated by a spirit of accommodation and adjustment of mutual give-and-take. It is not irrelevant to raise here the question why this should have been so. Why the national groups should have been willing to give up positions originally taken on certain issues.

The answer, I believe, lies in the fact that the delegates in the Commission worked with the realization that what was being given up on particular points was small as compared with what might be accomplished, for the general good, through the establishment of a permanent institution for consultation and collaboration on international monetary matters.

I think, too, that the success of the work of Commission I can partly be ascribed to the fact that the delegations have conducted their work with a vivid recollection of the various international economic conferences which took place between the two great wars. There was a general determination to avoid the fate which befell most of these conferences, and to pass from generalizations and exhortations to action. "Too little and too late" has cost us all so much that there was no disposition on the part of any group to fall again into this calamitous error.

The Commission is well aware that timidity still exists in certain quarters and that even now there are those who say "Why take risks?" and who urge us to go back to some monetary arrangements more familiar than those embodied in the report I am transmitting to you. No one would for a moment deny that there are risks involved in the proposals of the Commission, and there are risks inherent in any extension of credit or in any partnership arrangement. But the realistic course is to appraise the risks of any course of action by determining what are the risks of any alternative course of action or, for that matter, of inaction. On this basis, the risks involved in the present proposals are, in my view, not excessive, nor are they risks we should be afraid to assume. They might, at first sight, appear to be greatest for countries which have a surplus in their current account balance of payments. But I venture to submit that it must be borne in mind that if the creditor countries extend credit through the Fund it will in effect be goods and not money they will be lending, and that it will be open to them, through their own policies, to obtain the return flow of goods to pay off the loans. It is on the basis of pure national self-interest, of an enlightened and far-sighted kind, that these proposals must be presented in the creditor countries. It is not an act of charity to enable one's customers to maintain their purchases in periods when their foreign-exchange resources are temporarily reduced, especially when in the process of doing this one provides opportunities for employment for one's own people.

As for the exhortations to return to the past, the plain and simple answer to that is that, in the matter of monetary arrangements, the recent past is not good enough to go back to and there would be few countries able or willing to do so. We cannot go back. We must go forward.

I thought it right, Sir, in transmitting this report to you, to make these general observations in order to acquaint the Conference as a whole with the spirit which actuated the work of Commission I. In sum, this spirit

was one of determination not to repeat the mistakes of the past but to be reasonably and realistically courageous in breaking new ground.

Before concluding, I should like to express appreciation of the great assistance the Commission and its Committees have received from the Secretariat. The Secretaries of the committees and their assistants have discharged their duties with unfailing efficiency and skill. I wish particularly to express my own thanks to Mr. Leroy Stinebower, who served as Secretary of Commission I and as Secretary of the Drafting Committee. He never tired or failed in his efforts to further the work entrusted to him; and the Commission as a whole, as well as I personally, must feel greatly in his debt.

I should like to say one final word. No one in Commission I thinks that if the International Monetary Fund is established, the world's economic problems will have been solved. We have made only a beginning toward accomplishing the objectives set out in the Atlantic Charter and in article VII of the mutual-aid agreements between the United States and many of the countries here represented. But we feel that we have made a good beginning and that what we have done here should clear the way for similar progress in other related fields. Let us hope that the action in these other fields will be as realistic and constructive as the action we have taken at this Conference.

## REPORT OF COMMISSION II

(INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT)

TO THE EXECUTIVE PLENARY SESSION

July 21, 1944

Reporting Delegate: GEORGES THEUNIS, Belgium

MR. PRESIDENT:

I have the honour to report to the Conference on the work of Commission II, which was set up by the Conference at its plenary session on July 3 to study the proposals for the creation of a Bank for Reconstruction and Development.

The first meeting of Commission II was also held on July 3 and was mainly of a formal character, with the exception of an inspiring address by Lord Keynes and the appointment of an Agenda Committee, which, slightly enlarged, was to become the hard-working Drafting Committee. The Commission met again on July 11. Its chairman, Lord Keynes, proposed a method of work by which the best advantage could be taken of the accomplishment of Commission I while speedy progress was made on the delicate points with which the members of Commission II were confronted.

As in Commission I, the work was divided between four committees, dealing respectively with Purposes, Policies, and Capital of the Bank; Operations; Organization and Management; Form and Status. At the same time, several *ad hoc* sub-committees were created for the purpose of examining points which called for special study and discussion. To these sub-committees the following questions were referred: membership; subscription; rates of capital employable; flat rate of commission; relationship of international agencies; management; suspension and withdrawals; taxation.

Sub-committees—and amongst them the Subscription Committee and the Special Committee on Unsettled Problems—were entrusted with the task of solving the knottier problems. Most of these sub- and *ad hoc* committees were created directly by the Commission, in agreement with the chairman of

the committees, and all of them were allowed to report directly to the Commission if it were thought advantageous. This change of procedure was instrumental in cutting down unnecessary delays. The Commission met nine times and the various committees and sub-committees held numerous meetings.

This afternoon, the Commission adopted the Articles of Agreement of the Bank for Reconstruction and Development which are attached to the present report and which the Commission requested me to refer for approval to the Plenary Assembly of the Conference.\*

I must call your attention to the fact that the work of Commission II was simpler in some respects and more complicated in others than the work of Commission I. It was simpler because many of the questions relating to general organization, having already been very carefully studied in Commission I, it sufficed, in most cases, either to accept them as they were, or to adapt them to the particular nature of the problems submitted to Commission II. The work was more complicated because, unlike the Fund, the Bank had not been for a long time past under the scrutiny of international research. Years ago, the questions involving exchange stability were already widely discussed both in Europe and in America. Various solutions had been recommended, and procedures of a somewhat primitive and inadequate character had indeed been in operation between the two wars.

The creation of the Bank was an entirely new venture. Never, during the numerous international meetings which over a period of 25 years have studied all sorts of economic problems, was any thought given to an organization so considerable in its scope and so novel in its conception as that which has been the subject of your deliberations. So novel was it, that no adequate name could be found for it. In so far as we can talk of capital subscriptions, loans, guarantees, issue of bonds, the new financial institution may have some apparent claim to the name of Bank. But the type of shareholders, the nature of subscriptions, the exclusion of all deposits and of short-term loans, the non-profit basis, are quite foreign to the accepted nature of a Bank. However it was accidentally born with the name Bank, and Bank it remains, mainly because no satisfactory name could be found in the dictionary for this unprecedented institution.

Here is another example of our difficulties: The International Monetary Fund offered obvious advantages to its members in exchange for their subscriptions. But, to some people, the advantages offered by the Bank were not so obvious at first sight. Having regard to their economic structure, certain countries might justifiably feel that the Bank could not be of assistance to them and that they would not have to resort to such a source of credit. But here an idea comes into play, an idea which I do not need to emphasize to you, Gentlemen, who have long been convinced of its real greatness, but which should be impressed on the mass of the people whom you represent. This idea is the idea of human solidarity.

All those who have given thought to the problems which arise every day in connection with the economic life of a country are aware of the economic interdependence of nations. This interdependence may not be immediately apparent. It is unquestionable, however, that a loan granted to one country from the resources or with the guarantee of the Bank will not be advantageous to that country alone. The loan will enable it to reconstruct its economy, destroyed by war, or inadequately developed. As a result, activity is fostered, needs and requirements are satisfied, purchasing power is

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\* Not printed as an annex to this report. See Articles of Agreement of the International Bank for Reconstruction and Development as contained in the Final Act, Cmd. 6546, p. 46.

increased, new markets are born, and, indirectly, by means of the general flow of international trade, all countries finally benefit by the improvements brought about in the particular country which has obtained a loan through the Bank. In this way, capital which is now in excess in certain countries will again be put to productive use and will find its reward not only in the rate of interest on remunerative investments, but also, indirectly, in the promotion of world prosperity which rich countries themselves need in order to maintain and develop their own well-being.

As I said before, some of the problems met with in drafting the regulations of the future Bank were of an entirely new character—much more so than for the Fund, the studies of which were started two years ago.

This is not meant to detract from the merit of our colleagues who concentrated their attention especially on the Monetary Fund and who, I repeat, have greatly facilitated our work. My only intention is to underline the considerable credit due to Commission II, its committees and sub-committees, which, within a limited period of time, have succeeded in overcoming the difficulties involved and in reaching an agreement on the principles which are to govern the activity of the Bank. This achievement would have been impossible without two distinct elements. The first is the brilliant chairmanship of Lord Keynes. Not only has he greatly contributed to the ideas contained in the Articles of Agreement of the Bank, but he also has kept the proceedings at a brisk pace which the delegates sportingly emulated. The other is the untiring and admirable work performed by the Secretariat under the orders of Dr. Kelchner, and by the secretaries of this Commission, Mr. Upgren, Mr. Smithies, and Miss Russell. A considerable number of reports, amendments, and other documents were drawn up, copied, and distributed with sufficient promptitude to permit the work to proceed uninterruptedly.

I should now like to call your attention to a few remarks relating more directly to the Bank. As for the purpose of the Bank, it should be noted that the Bank is established both for the reconstruction and for the development of the member countries, and these two objectives are to be pursued on a footing of equality.

On the other hand, the Bank aims at covering a field distinct from the Fund. As Mr. Rasininsky pointed out in his report to Commission I, "the Fund is not regarded, and should not be regarded, as an institution for the provision of long-term capital requirements". The Fund has been created to provide members with an "opportunity to correct maladjustments in their balance of payments" and "to shorten the duration and lessen the degree" of such maladjustments.

On the contrary, when the Bank promotes or supplements private investments either by means of guarantees and participations in private loans or by providing funds out of its own resources, the aim is to provide capital on a long-term or medium-term basis. Precautionary measures, as you know, appear in various provisions of the Agreement to prevent such movements of capital from hampering the economy of the countries concerned.

Next, I turn to the prospective size of the actual subscription. The capital of the Bank is a huge sum and far exceeds anything the world has ever known in this field. The greater part, however, is in the form of a guarantee fund which cannot be called up except over a period of years and the full amount of which we are entitled to hope will never be called up. Careful recommendations have been worked out regarding the operation of the Bank with a view to protecting its resources and its credit. The first payments provided for, though ample for the initial operations, are moderate enough and are within the capacity of all the subscribers.



In spite of the difficulties encountered, I have found at the Conference ground for comfort.

In 1927, I was taking part in an important economic conference in Geneva. A year of preparatory work and several weeks devoted to discussions were needed before it was possible to recommend to the 51 governments represented the economic policy which in the opinion of the Conference was indispensable to restore prosperity. Alas, those recommendations were never implemented! But during the 17 years that have elapsed since 1927, these ideas on economic policy have made good progress and now find a better response. Indeed, at Bretton Woods we have passed the stage of making recommendations of a more or less general nature; we are recommending action. This is evidenced by the important amounts which various countries are contemplating to subscribe and which bear witness to the frame of mind of the delegates at the end of our deliberations.

But don't let us stop with contemplation of the two milestones we have reached on the arduous road which humanity has to cover before reaching the peaceful prosperity to which we all aspire. Even if the Bank and the Fund succeed in their purposes to the full extent of the most favourable expectations, they cannot be sufficient to restore a prosperous world economy. I would go further and say that they could not be successful in a world whose economy remained chaotic in other respects. But they can be and should be the starting point of this restoration.

Before ending my remarks, I should like to pay tribute to President Roosevelt, to his right hand man in financial matters, Mr. Morgenthau, and to the Government and the people of the United States of America for the initiative taken by this country in launching, with far-sighted vision, the far-reaching plan which inspired the Articles of Agreement of the Bank. A great deal of our appreciation should also go to Mr. Harry White, who was instrumental in giving shape to the plan.

In promoting the ideas of the Bank and of the Fund, and in calling this Monetary Conference, the Government of the United States of America has, on the common peace front of the United Nations, made a contribution which timely complements that of the glorious American armies on the war front. Allies on the battlefield, we must also do our part together in preparing a better world.

I have stressed the importance of the Fund and of the Bank in the material organization of to-morrow, but the moral element which would be expressed in the success of both organizations would be of paramount value. It would mean that before the war is over, men of good will, men coming from all parts of the world, men of different races and creeds, whose countries have different political systems, have agreed and have succeeded in collaborating in heretofore undreamed-of efforts at insuring a better and more secure future for the whole world. The repercussions of such an achievement will be tremendous.

The plans set up at Bretton Woods are not perfect. Even if they were, their forbidding technicalities and the novelty of their thought might be enough to arouse misapprehension. For many years, I have noticed that economic questions, and especially financial matters, are not properly understood by the masses. When you leave Bretton Woods, Gentlemen, your task will not be over. You who can bear witness to the sincerity of purpose which has prevailed at Bretton Woods can also dissipate false alarms, clear up possible misunderstandings, explain the necessary compromises that were made, and, by so doing, act in your respective countries as pioneers of a just and promising international co-operation.

REPORT OF COMMISSION III  
(OTHER MEASURES FOR INTERNATIONAL MONETARY AND FINANCIAL CO-OPERATION)  
TO THE EXECUTIVE PLENARY SESSION

July 21, 1944

Reporting Delegate: EDWARD C. FUSSELL, New Zealand\*

MR. PRESIDENT:

It is my privilege to report to the Conference on the proceedings of Commission III, which was set up by the Conference at its second plenary session on July 3, to examine any proposals which might be submitted regarding other means of international financial co-operation.

The work of Commission III, unlike that of Commissions I and II, did not represent the culmination of an organized body of preparatory work during a long period before this Conference was convened. Nevertheless the proposals examined by Commission III represent the views of people who had given long and careful thought to the subject-matter of their recommendations.

Furthermore, there was no limit to the number and variety of proposals which could conceivably have been submitted within the Commission's terms of reference; it is therefore a fine tribute to the wisdom and sense of proportion of every delegation that it was found possible to group the proposals under three main headings, to which I shall refer presently.

The Commission has held three sessions under the most excellent chairmanship of the Honourable Eduardo Suárez, Minister of Finance of Mexico, chairman of the Mexican delegation. Though entire unanimity on all points was naturally not to be expected, it was largely due to his leadership and impartiality that the work of Commission III was brought so harmoniously to its successful conclusion. In saying this I am confident that I am expressing the feeling of every member of the Commission.

In order to provide a basis for the Commission's work an Agenda Committee was appointed at the first meeting of the Commission on July 3 to consider the suggestions received and make recommendations as to the problems which should be dealt with by the Commission. During the ensuing week 15 proposals were received by the Agenda Committee. On examination it was found that these proposals related to three general fields of interest:

Firstly—"The Use of Silver for International Monetary Purposes."

Secondly—"Enemy Assets, Looted Property, and Related Matters."

Thirdly—"Recommendations on Economic and Financial Policy. The Exchange of Information, and Other Means of Financial Co-operation."

Accordingly three *ad hoc* committees were appointed to consider the proposals and make recommendations to the Commission.

At its final meeting the findings of the Commission in respect of the reports of the three committees which I have already named were as follows:

(i) *The Commission adopted the report of Committee I on "The Use of Silver for International Monetary Purposes" and recommended that the following statement be included in the Final Act:*

"The problems confronting some nations as a result of the wide fluctuation in the value of silver were the subject of serious discussion in Commission III. Due to the shortage of time the magnitude of the other problems on the agenda,

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\* Mr. Fussell acted as reporting delegate in the absence of Mr. Fisher.

and other limiting considerations, it was impossible to give sufficient attention to this problem at this time in order to make definite recommendations. However, it was the sense of Commission III that the subject should merit further study by the interested nations."

(ii) *The Commission adopted two measures placed before it by Committee 2 under the heading of "Enemy Assets, Looted Property, and Related Matters."*

The one is a recommendation reading as follows:

"The United Nations Monetary and Financial Conference recommends the liquidation of the Bank for International Settlements at the earliest possible moment."

The other is a resolution relating to Enemy Assets and Looted Property, and this was adopted in principle and a drafting committee was appointed to make certain language changes and empowered to prepare a resolution for presentation to the Plenary Session of the Conference. The resolution as submitted by the drafting committee reads as follows:

**WHEREAS**

In anticipation of their impending defeat, enemy leaders, enemy nationals and their collaborators are transferring assets to and through neutral countries in order to conceal them and to perpetuate their influence, power, and ability to plan future aggrandizement and world domination and thus jeopardizing the efforts of the United Nations to establish and permanently maintain peaceful international relations;

**WHEREAS**

Enemy countries and their nationals have taken the property of occupied countries and their nationals by open looting and plunder, by forcing transfers under duress, as well as by subtle and complex devices, often operated through the agency of their puppet governments, to give the cloak of legality to their robbery and to secure ownership and control of important enterprises in the post-war period;

**WHEREAS**

Enemy countries and their nationals have also, through sales and other methods of transfer, run the chain of their ownership and control through occupied and neutral countries, thus making the problem of disclosure and disentanglement one of international character;

**WHEREAS**

The United Nations have declared their intention to do their utmost to defeat the methods of dispossession practised by the enemy, have reserved their right to declare invalid any transfers of property belonging to persons within occupied territory, and have taken measures to protect and safeguard property, within their respective jurisdictions, owned by occupied countries and their nationals, as well as to prevent the disposal of looted property in United Nations markets;

**THEREFORE**

It is resolved that, in recognition of these considerations, the United Nations Monetary and Financial Conference

I. Takes note of and fully supports steps taken by the United Nations for the purpose of

(a) uncovering, segregating, controlling, and making appropriate disposition of enemy assets;

(b) preventing the liquidation of property looted by the enemy, locating and tracing ownership and control of such looted property, and taking appropriate measures with a view to its restoration to its lawful owners.

II. Recommends that all Governments of countries represented at this Conference take action consistent with their relations with the countries at war to call upon the Governments of neutral countries

(a) to take immediate measures to prevent any disposition or transfer within territories subject to their jurisdiction of any

(1) assets belonging to the Government or any individuals or institutions within those United Nations occupied by the enemy; and

(2) looted gold, currency, art objects, securities, other evidences of ownership in financial or business enterprises, and of other assets looted by the enemy;

as well as to uncover, segregate and hold at the disposition of the post-liberation authorities in the appropriate country any such assets within territory subject to their jurisdiction.

(b) to take immediate measures to prevent the concealment by fraudulent means or otherwise within countries subject to their jurisdiction of any

(1) assets belonging to, or alleged to belong to, the Government or any individuals or institutions within enemy countries;

(2) assets belonging to, or alleged to belong to, enemy leaders, their associates and collaborators, and

to facilitate their ultimate delivery to the post-armistice authorities.

(iii) *The Commission adopted the report of Committee 3 on "Economic and Financial Policies, Exchange of Information, and Other Means of Financial Co-operation."*

Of the matters considered by Committee 3 two were subject to specific discussion and vote by the Commission.

The first was a resolution combining the proposals submitted by Bolivia, Brazil, Chile, Cuba, and Peru. The text of the resolution, which was adopted by the Commission, is as follows:

**WHEREAS**

In Article I of the Articles of Agreement of the International Monetary Fund it is stated that one of the principal purposes of the Fund is to facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members as primary objectives of economic policy;

**WHEREAS**

It is recognized that the complete attainment of this and other purposes and objectives stated in the Agreement cannot be achieved through the instrumentality of the Fund alone;

**THEREFORE**

The United Nations Monetary and Financial Conference recommends to the participating Governments that, in addition to implementing the specific monetary and financial measures which were the subject of this Conference, they seek, with a view to creating in the field of international economic relations conditions necessary for the attainment of the purposes of the Fund and of the broader primary objectives of economic policy, to reach agreement as soon as possible on ways and means whereby they may best:

(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 co-operative effort the harmonization of national policies of Member states designed to promote and maintain high levels of employment and progressively rising standards of living.

The second matter voted on was a resolution introduced by the Australian delegation recommending that the governments invited to accept the International Monetary Agreement be invited to enter, at the same time, into an undertaking to maintain high levels of employment in their respective countries. A motion for adoption of the Australian resolution was defeated.

I cannot end this report without placing on record the value of the ready help so willingly given to the Commission and its committees by the Secretariat. I should like also to pay a tribute to the consistently high standard of performance of the officers and personnel of the committees, notably Mr. Orvis A. Schmidt, who was Secretary not only of the committees, but also of Commission III.

To conclude this report, and in order to place the deliberations of Commission III in perspective, I should like to say that they are supplementary to the reports of Commissions I and II, but in common with the work of those Commissions they deal with financial measures which do not by any means exhaust the efforts and endeavours which must be made in bringing to fruition a grand scheme of world prosperity.

## STATEMENTS OF CERTAIN DELEGATIONS

### CONCERNING THE ARTICLES OF AGREEMENT OF THE INTERNATIONAL MONETARY FUND

#### STATEMENT BY THE DELEGATION OF AUSTRALIA

##### *Article I*

In the opinion of the Australian Delegation the purposes of the Fund, which provide criteria for its management, place too little emphasis on the promotion and maintenance of high levels of employment, and too much emphasis on the promotion of exchange stability and on shortening the duration and lessening the degree of disequilibrium in international balances of payments.

##### *Article III, Section 1.*

In view of the fact that Australia has little gold and few dollars, the quota fixed for Australia will compel her to build up liquid reserves outside the Fund to meet the wide fluctuations in her balance of payments. In doing so she is likely to have to take action in conflict with the purposes of the Fund.

##### *Article IV, Section 5 (f)*

The Australian Delegation considered that the Fund should be required to concur in a requested change in a par value when a country has a serious and persistent deficit in its balance of payments accompanied by a serious adverse change in its terms of trade.

##### *Article V, Section 3(a) (iii)*

The Australian Delegation considered that in view of the wide fluctuations in the balance of payments of many agricultural countries, the annual drawing rights should be greater than twenty-five per cent. of the quota.

*Article V, Section 8*

The Australian Delegation considered the charges provided for in this section are too high and questioned the principle of charging countries interest which have an adverse balance of payments while provision is made for the payment of two per cent. interest to countries with a favourable balance of payments. [See Article XII, Section 6 (b).]

*Article XV, Section 1*

The Australian Delegation considered that the right of withdrawal should be protected from being made meaningless by membership of the Fund being made a condition of membership of other international bodies.

## STATEMENT BY THE FRENCH DELEGATION

*Article III, Section 1*

Reservation as to the size of the French quota and of European quotas in general.

*Article III, Section 3*

Reservation as to the omission of a clause permitting enemy occupied countries to reduce their gold subscription by one-fourth.

*Article IV, Section 7*

Reservation on the veto power on uniform changes in par values accorded to members having 10 per cent. or more of the total of the quotas.

*Article V, Section 3 (a) (iii)*

Reservation as to lack of flexibility as a result of prescribing a definite quantitative limitation on the purchase of currency from the Fund to the extent of 25 per cent. of the quota in a 12-month period.

*Article V, Section 7 (b)*

Reservation as to the non-inclusion of a clause in favour of enemy occupied countries in connection with the provisions requiring a member to repurchase its currency from the Fund with gold or convertible currencies.

*Article XIX (b) and (c)*

Reservation as to the definition of "official holdings of monetary reserves."

*Article XIX (i)*

Reservation as to the definition of "current transactions."

*Article XX, Section 3 (b)*

Reservation as to the date mentioned for the selection of permanent executive directors which may not take sufficiently into account the situation of enemy-occupied countries.

## STATEMENT BY THE DELEGATION OF INDIA

Reservation as to the size of the quota for India.

## STATEMENT BY THE DELEGATION OF IRAN

Reservation as to the size of the quota for Iran.

## STATEMENT BY THE DELEGATION OF PERU

Peruvian Law No. 7526 of 18th May 1932, which suspended the free conversion of the currency into gold, provided that the gold reserves existing at that time, viz., 16,888,711½ kilos of gold valued by law at 89,784,832.59 Peruvian Soles, were to be earmarked and kept in custody by the Central

Reserve Bank, and were not to be used in any way or manner, nor were ever to become liable to seizure or disposal in any contingency whatsoever. ("Oro intangible" in the original Spanish wording of that Law.) Consequently, the gold thus set aside by Law No 7526 cannot be taken into account, either for the purpose of estimating Peru's quota and its proportion to be paid in gold, or for use in any of the operations of the Fund, or to cover any contingent or eventual liability of Peru if it ceases to be a member or if the Fund is liquidated.

STATEMENT BY THE DELEGATION OF THE UNION OF SOVIET SOCIALIST  
REPUBLICS

In the opinion of the Soviet Delegation the following additions to, or alterations of language should have been made in the Articles of Agreement:

*Article III, Section 3*

"Any country represented at the United Nations Monetary and Financial Conference whose home areas have suffered substantial damage from enemy occupation or hostilities during the present war may reduce its initial gold payment to 75 per cent. of the amount it would otherwise have to pay."

*Article V, Section 8 (f)*

To reword this paragraph as follows:

"Charges and commissions shall be paid partly in gold and partly in local currency of the member, or fully in gold—uniformly by all members—independent of the amount of the monetary reserves of each member."

*Article V, Section 7*

The principle, that so long as a member's holdings of gold and gold convertible exchange exceed its quota, the Fund in selling foreign exchange to that country shall require that or half of the net sales of such exchange during the Fund's financial year be paid for with gold, should be maintained in conformity with Article III, Section 7 (b) of the Joint Statement by Experts on the Establishment of an International Monetary Fund of the United and Associated Nations.

*Article XIII, Section 2 (b)*

After the words "in the depositories designated by the remaining four members" to add the words: "in each of the four remaining countries having the largest quotas, gold shall be held in the amount not less than the amount of their respective gold contributions."

*Article XIX, (i) (4)*

Not to include in the term "current transactions" the "remittances for family living expenses," having in view that the Fund may, upon the agreement with the members concerned, determine whether certain specific transactions of such kind are to be regarded as current transactions or capital transactions.

*Article XIX, (a) and (e)*

Because of the centralization in the Union of Soviet Socialist Republics of banking operations concerned with international transactions, as a rule, in the Central Bank—the State Bank of the Union of Soviet Socialist Republics, which is performing the functions of financing foreign trade, the Fund in calculating the net foreign exchange holdings of the Union of Soviet Socialist Republics shall take into account the necessity for the State Bank to maintain working exchange balances abroad.

## STATEMENT BY THE DELEGATION OF THE UNITED KINGDOM

*Article XIII, Section 1*

In the opinion of the British Government the location of headquarters of the Fund ought not to be considered without reference to the location of other international bodies which will be established. The same observations apply equally to the location of the projected Bank for Reconstruction and Development. The British Government may therefore find it necessary at some later date to ask that all such interrelated questions should be considered as a matter for decision between Governments rather than in a technical conference.

## STATEMENTS OF CERTAIN DELEGATIONS

CONCERNING THE ARTICLES OF AGREEMENT OF THE INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

## STATEMENT BY THE DELEGATION OF THE UNITED KINGDOM

*Article XIII, Section 1*

In the Opinion of the British Government the location of headquarters of the Fund ought not to be considered without reference to the location of other international bodies which will be established. The same observations apply equally to the location of the projected International Monetary Fund. The British Government may therefore find it necessary at some later date to ask that all such interrelated questions should be considered as a matter for decision between Governments rather than in a technical conference.

STATEMENT BY THE DELEGATION OF THE UNION OF SOVIET SOCIALIST  
REPUBLICS*Article I (iv)*

This section should be deleted.

*Article III, Section 1 (b)*

After the words "and expediting the completion of such restoration and reconstruction" the following words should be added: "and shall establish favourable interest and commission rates for such loans."

*Article V, Section 11 (b)*

The word "initially" should be deleted from the last clause of the second sentence.