MEETING OF COMMISSION I
10:30 a.m. July 5, 1944

DR. WHITE: The meeting will please come to order. Will the Secretary please note any absentees for the record. He might call out the absentees.

SECRETARY: Those who seem to be absent are Ecuador, Honduras and Nicaragua.

DR. WHITE: The first item on the order of business is a report by Mr. Varvaresos from Committee 1.

(REPORT READ)

DR. WHITE: Thank you, Mr. Varvaresos. It would appear that for the first business meeting of the Commission, we might hear all the reporters first, before opening the meeting for any discussion or any views. We may not even, if that practice is followed at the first meeting at the pleasure of the Commission, it need not be followed later. We may find that for the first meeting it is desirable to discuss in detail the report of each Committee after it is presented, but for the first meeting it might be preferable to hear all the reports first unless there is an objection to that procedure. I propose that it be followed. Is there any objection to that procedure for this morning alone? Apparently, there is none, and I will, therefore, call upon Professor Mosse of the French Comité on the work of Committee 2. I am going to ask Professor Mosse to step up to the microphone.

PROFESSOR MOSSE: (REPORT READ)

DR. WHITE: Thank you, Mr. Mosse, for a most excellent report. The Chair recognizes Judge Vincent of the United States Delegation.
JUDGE VISON: Mr. Chairman, I move that this item be referred to Committee 2 for reconsideration.

DR. WHITE: There is a motion that this item be referred to Committee 2 for reconsideration.

The Chair recognizes the delegate from Mexico.

SEÑOR MONTERO: I second that motion.

DR. WHITE: Does anyone care to comment on that? If not, the Chair will assume that the Commission approves.

I will now call upon Dr. Hexner of Czechoslovakia to report on the Committee work of Committee 3.

DR. HEXNER: The Committee on the Organization and Management of the Fund has held two meetings on July 4th. Although no general discussion in the formal sense took place, there became crystalized one or two fundamental principles. The most important was that what may be called economic statesmanship should prevail in the management. Though it was clear that consultation will be the principle means of cooperation, the Committee realized that the management of the Fund has to be prepared to deal with possible or potential conflicts of interest which ultimately may have to be voted upon. There was no doubt that in the management of the Fund large countries should have a stronger representation and certain privileges, and also no disagreement was expressed about the implementing of the organization to give adequate protection to small countries.

The discussion was based on the draft presented to the Committee. The Committee discussed articles VII, 1 and 2 of the Joint Statement. It was envisaged that there will be an agency called "Board of Governors" consisting of the representatives of all member countries.
DR. WHITE: I am going to ask the reporters to refer clearly to the article and the page number and the section before discussion of any particular subject. It is a little easier to follow if the delegates have an opportunity to turn to the appropriate section. So, if you don't mind, Dr. Hexner, I will do it for you. Dr. Hexner is now discussing the article on page 24, page 24 in the draft statement.

DR. HEXNER: These representatives serve at the pleasure of their governments and can be recalled and replaced according to the discretion of the member countries. The same relates to their alternates, who may participate in the meetings. All powers, as far as not specifically assigned to other agencies, are concentrated in the Board of Governors. It was agreed upon that this agency may delegate its powers to other agencies within the Fund as far as such delegation is not excluded expressly by the Statutes of the Fund. I am referring to Section B of seven one. A small change was made in two points, First, Alternative B was accepted because five countries made up the meeting of the governing board. It means that the Board of Governors has \( \frac{1}{2} \) to be called whenever requested by one or the other of them. Meetings of this Board shall be convened whenever requested by members representing one quarter of the aggregate votes or by five member countries. The Committee did not accept the provision of the draft that annual meetings shall not be held in the same country more than once in five years. Thus no limitation was placed in this regard on the management. The Board of Governors will have a chairman, however, no particular discussion took place about the powers of this presiding officer. It was assumed that the voting in the Board of Governors will be conducted according to quotas unless
otherwise provided for. There was general agreement about those items which the Board of Governors cannot delegate to other agencies.

The discussion was not finished concerning the jurisdiction and election of agencies other than the Board of Governors and its chairman. There was general agreement about the items which should be delegated to the Executive Committee. This is again seven one B. Now I am passing to seven two where there are two alternatives. The opinions were not even crystallized on the point whether a fruitful discussion on the structure of the Executive Committee may take place before the quotas are agreed upon.

It may perhaps be wise to indicate some differences of opinion concerning the structure and jurisdiction of the Executive Committee as contained in Alternatives A and B to VII, 2.

Section A. There was general agreement that the Executive Committee should consist of two types of members of representatives of large countries which are designated by the large countries and of representatives of smaller countries elected by those smaller countries. No agreement was reached and no provision is contained in both alternatives — whether the members of the Executive Committee serve at the pleasure of their governments or not. This makes some complications with those members of the Executive Committee who are elected because it isn't clear what happens — whether new elections should be ordered or not. There was no agreement whether countries should be elected of persons to the Executive Committee. No agreement was reached in regard to whether members of the Executive Committee should be necessarily members of the Board of Governors or whether outsiders could be invited to serve as members of the Executive Committee. Concerning the
Chairman of the Executive Committee, no agreement was reached as to whether Alternative A should be accepted, which provides that the Managing Director should be automatically Chairman of the Executive Committee, or whether Alternative B should be accepted, that a Chairman with strong jurisdiction should be specifically elected who may be the same person as the Chairman of the Board of Governors or may not be the same person. No agreement was reached about the function and jurisdiction of the Executive Committee. Alternative A provides for a very extensive jurisdiction of the Executive Committee without particularly strong jurisdiction for its Chairman. Alternative B provides for a very strong Chairman of the Executive Committee with large functions, without particularly permanent functions assigned to the Executive Committee.

No agreement was reached whether the Executive Committee should be in permanent session according to Alternative A, or whether it should be called into session according to expediency. I am emphasizing these disagreements though they were not in reality disagreements because the discussion was not finished. I am emphasizing that in order to give something of a snapshot of how we finished the discussion yesterday. Generally, there was a visible trend to make possible to establish a framework which could serve the purposes indicated in the Joint Statement.

DR. WHITE: Thank you, Dr. Hexner.

I should like now to call upon Mr. Keilhau of Norway to report on the work of Committee no. 4.

MR. KEILHAU: You will allow me to speak from here because my report is very brief.

DR. WHITE: And your voice is very good.

MR. KEILHAU: (REPORT READ)
DR. WHITE: The Secretariat regrets that the material was not ready. You have heard the reports from the reporters of the four Committees. There are several alternatives open to this Commission with respect to the discussion that may follow. We either can begin the discussion on the report of Committee 1 until there is no further discussion called for and then proceed to work of Committee 2 and of 3 and of 4, or we might treat this first meeting rather in the nature of an opportunity to obtain a progress report on the part of the Committees and to postpone any more definitive discussion until the next session of the Commission. The advantages of the second procedure for your consideration might be that the Committees have not gotten into the work to a sufficient extent possible to warrant further discussion before this Commission. I think that the Committees have done very well considering that it has been -- that there have passed only two days. Certainly Committee 4 is not responsible for not having made any progress since they did not have the necessary documents. Those of you who have attended international conferences in the past -- as I look around the room and note the names of some of the persons, I suppose there is nobody is here that hasn't attended at least one, and many of you have attended 20 or 30 to my recollection -- not that I have been there, but I have read about it. You will all appreciate that the first few days are naturally taken up with settling down, general discussions, some essential speech-making, getting some things off our chest that we have been waiting a long time to say and in general getting prepared to get down to real business. I think probably the delegates have arrived at the point where they are ready now to concentrate on the business in hand. This conference is like all conferences to the extent that we can't stay indefinitely.
It is unlike other conferences, most other conferences that I know of, in two respects. First, we have got to get out of here by the 20th because the hotel won't let us stay beyond that. That was the only understanding upon which we could get the use of this hotel. We tried our best to leave some flexible date beyond that because we were quite uncertain as to the extent of the progress to be made, but the hotel was adamant, coupled with the beautiful scenery and the fact that there was no other hotel available, we had to accept their conditions. So we have to get out by the 20th. That means that the next couple of days can be cut out for regular business, plenary sessions, and one thing or another. We have already reached the 5th so there is actually a little less than 2 weeks that this conference can meet, and, as you know, the days pass awfully quickly. Moreover, we would hope that the delegates would have some opportunity -- I speak now for Senator Tobey of New Hampshire -- to enjoy the country around here. That means that you have very little time. This conference differs in a second respect; namely, that we are trying to end up, if possible, with some definite formulation on two very difficult different areas. You have the Fund. You will remember that in the letter of the President, in the invitation of the President, he stated that we would discuss the Fund at this conference and possible the Bank. Whether that possibility will become an actuality depends entirely upon the progress that will be made by this Committee, in discussions of the Fund. You are all fully cognizant of the fact that the Fund is a complicated subject. There are a lot of provisions. Each provision is pregnant with various interpretations and many provisions contain important material. The Bank likewise has many important provisions and many difficult provisions. If there is
to be any hope of getting over the ground, we must constantly have in mind the shortness of the period and the difficulty of the subject. We must therefore restrain our very legitimate and natural desire to discuss in full by the Commission and by the Committees and by the Subcommittees each provision. But if we do that, gentlemen, we are not going to get through with even a part of the let alone the whole or a part of the Bank. Fund. Therefore, in your consideration as to what to do before this Commission and in your procedure that is followed in the Committee, we would strongly urge that you constantly have in mind the two factors which I have pointed out, and that means, gentlemen, that you try as much as possible to confine yourselves to the essential points delegated to the sub-committees. The clarification, as I understand from the reports, two of the Committees have already done and it seems like a very excellent procedure, and if you will also forego, shall I say both the pleasure and possibly, in some mind, the desirability of discussing any one point too long, after it is very evident that you have made your point clear, I think that certainly in the Committees and Sub-committees, that is enough. You will have another opportunity at the Commission when everybody will appreciate the amount of business and will curtail the length of their talks and will avoid insofar as possible repetition. I am going to set a good example and I am going to stop talking on that point now, and ask for views of the Commission whether or not it would be desirable, in the light of what I have said, to forego any further discussion on the reports of the Committees and wait until the next Commission meeting, at which time the Committees will have made more comprehensive and more definite progress and members of the Commission would have an opportunity to examine more carefully the findings of the Committees. Do
I hear any comment?

LORD KEYNES: Mr. Chairman, I have one or two modest suggestions to make to further the objectives which you have been putting before us. First, I suggest the reporters of each Committee circulate their reports in writing and that there should be generally just enough time for delegates who have seen those reports before they are discussed at the Commission.

DR. WHITE: Lord Keynes has suggested that the reporters circulate their written reports with sufficient time prior to the Commission meetings so that the members will have an opportunity to study them and be prepared to express such views as they wish to prior to coming to the meeting.

DELEGATE FROM _____: I second the motion.

DR. WHITE: All those who approve, say "aye."

AUDIENCE: "Aye."

DR. WHITE: And so be it. And so from now on, Mr. Secretary, will you make certain that the various reporters circulate their reports. I know that is an additional burden on the reporters, but I am sure that under the circumstances, they will gladly undertake it.

LORD KEYNES: After that is adopted, there is a further reason for following your advise that the next meeting of the Commission is, for the moment, deferred. When the time for that meeting comes, we shall have/fore us I hope, in writing, the reports we have already received today, together with the results of perhaps one or two meetings by the several Committees. That would mean that if they meet this evening and tomorrow morning, we could have reports by tomorrow evening of what they have done up to the end of tomorrow morning, meanwhile to be considered by the Commission on the following day. Meanwhile, the Committees could have met again tomorrow afternoon without our attempting to have reports of that before the Commission on the
following day, if I make myself clear.

DR. WHITE: If I understand you correctly, you are suggesting that the Committees meet this afternoon and will meet tomorrow morning and that there will be in the hands of the various delegates the written reports of those two meetings, in addition to the reports which have been presented this morning and that the delegates will then be in a position to discuss those reports at the meeting of the Commission, which would take place the following morning. Do I understand you correctly?

LORD KEYNES: That is right and that need not interfere with the Committees meeting again tomorrow afternoon to make further progress but no attempt need be made to bring the results of that meeting before the Commission on the following day.

DR. WHITE: Before considering that, there is just one point you might wish to also evaluate. We thought that we might leave the question of the time of the next meeting of the Commission flexible and defer it until we see the amount of progress. Now it looks very likely that the amount of progress that will have been made by the day after tomorrow -- that is, two days after tomorrow --

LORD KEYNES: Day after tomorrow.

DR. WHITE: That would make Saturday morning the next meeting of the Commission.

LORD KEYNES: Friday morning.

DR. WHITE: There probably will be enough work done by the Committees to justify the meeting on Friday morning. But I am wondering whether it might not be preferable to leave that decision to the Chair after he has made inquiries with respect to the amount of progress made in the Committees. You must realize that when the Committees meet, the Commission does not. It is not a question of merely whether the Committees shall meet. Every time the Commission meets, the
Committees do less work, so it might be the progress has not been adequate to justify a Commission meeting, so if the Commission will kindly grant the Chair the authority to determine whether the meeting shall be Friday or Saturday morning, I think it might be helpful, particularly when taken together with one other fact. There have been a number of suggestions made which I was going to set before you -- not to have the Committees meet twice a day but to have them meet for a longer period and once a day. That would enable the various delegations to discuss the various matters among themselves and also have an opportunity for the sub-committees to do their work. It was thought that there would be more progress made in the Committees if they met once a day and if the periods were longer. Now, with that before you, I should like to hear an expression of views.

LORD KEYNES: Mr. Chairman, I doubt the advisability of the one meeting a day, just at first. It seems to me to have little short meetings of an hour and a half twice a day, would leave enough time for other groups and some progress would then be made. If there is only one meeting a day
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Lord Keynes: I doubt the advisability of one meeting a day just at first. Rather one meeting for one and one-half hours twice a day would leave enough time for other groups and some progress could be made. If there is only one meeting, we shall not get the prospectus of the committees. I would submit that for the time being we should drive the committees very hard indeed.

Chairman: We would be driving them harder to meet once a day than twice. I will be glad to hear any suggestions.

Norway: It has happened in three of the committees where I have had the pleasure to be present that discussions have had to be interrupted at very fateful moments just because the room should be taken by another committee. It has made the discussions rather nervous because we know that in that meeting we have to go out of the room at a definite time. If two committees could meet before lunch and two after lunch, that would make it easier for smaller delegations.

Chairman: We are interested in merely obtaining better results. I am going to call on one other delegate.

Ecuador: I would suggest that we have meetings from 3 to 7 in the afternoon — Committee I and Committee II, two hours each.

Chairman: The view has been expressed that it would be
desirable to have meetings in the afternoon. Unless there is any objection, the Chairman is going to decide. There will be one meeting in the morning and the delegates will have an opportunity to discuss outside of the meeting what might be more preferable procedure. Tomorrow there will be one meeting in the morning and we hope it will last as long as the delegates can sit it — stand it.

Is there any other business before this commission?

**Belgium:** I would like to know whether there will be tomorrow one meeting of the four committees at the same time? That would be very difficult.

**Chairman:** It is the intention to stagger two meetings as before. That raises an interesting question. I had hoped that the meetings would last long, but how we can stagger them and have them last long too is a question. There will be a bulletin posted in the usual place in the dining room indicating the time and place of the meeting. We may modify it later. The four committees will meet at the staggered hours as have been indicated yesterday. Tonight at dinner there will be a mimeographed sheet indicating the hours at which your committees will meet tomorrow morning.

**United States:** May I ask the reconsideration of the decision made by the Chairman in respect of the four meetings being held tomorrow morning?
Chairman: Reconsideration has been asked of the decision to hold four meetings in the morning. Does the delegate have some other suggestion?

United States: Two meetings in the morning and two in the afternoon.

Chairman: I detect acquiescence and general approval of that suggestion and the chair will alter his previous statement. There will be two meetings in the morning and two in the afternoon and which will be in the morning and afternoon, I hope you will leave to the chair and secretariat and they will be posted.