

MINUTES OF THE FIFTH MEETING OF
COMMITTEE I OF COMMISSION I
July 8, 1944 - 9:30 a.m.

The Chairman announced that the procedures of the Committee would be governed by the document on procedures issued by the Steering Committee.

Document No. 202 - "Status of Committee Assignments," was circulated and the Chairman requested members to note what action was taken on the various items to be considered so as to keep their record of status up to date.

The second report of the Drafting Committee was presented by its Chairman, Dr. Goldenweiser.

The Committee accepted the language of the Drafting Committee for Article II, Sec. 1, (p. 2) - Countries Eligible for Membership; and for Article II, Sec. 4, (p. 3) - Adjustment of Quotas, with a slight change in wording. The Committee also accepted the recommendation of the Drafting Committee to retain the language of Article II, Sec. 3, Alternative A, (p. 2) on Time and Place of Payment.

The Committee approved the language of the Drafting Committee for Article II, Sec. 5, (p. 4) - Initial Payments - with a minor change necessary to prevent possible misconstruction of the language.

The Committee debated the language of the Drafting Committee on Article IX, Sec. 2 - Gold Purchases Based on Parity Prices (p. 38). Various members felt that the language was too rigid since it excluded certain gold purchases at prices beyond the prescribed margin which might be perfectly consistent with the objects of the Fund. A request was made not to exclude payments made as bonuses to the gold mining industry in gold-producing countries involving no international transactions; and other legitimate variations such as sales to meet a hoarding demand, were suggested. The close relationship of this clause to the work of Committee 2 was emphasized and the provision was referred back to the Drafting Committee with instructions to consult with Committee 2 and report again on the matter.

The Committee considered the language of the Drafting Committee for Article IX, Sec. 3, Paragraph (a) - Foreign Exchange Dealings Based on Par Values (p. 39). The discussion of the Committee revealed two questions of substance; First, whether the margin to be prescribed should be for spot and for futures and other types of contract, or whether there should be only one maximum range for spot transactions; and second, whether it was intended that there should be only a general maximum range applicable to all countries, or whether the Fund should prescribe, within ^{the} over-all maximum, a range for each member country. This section was referred again to the Drafting Committee with the same instructions as were given with respect to Section 2.

The Committee considered the language recommended by the Drafting Committee for Article IX, Section 3, Paragraph (b), (p. 39). The Committee discussed the

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necessity and exact force of the last sentence which states that a member freely buying gold and gold convertible exchange has fulfilled its obligation under this paragraph. The Chairman referred this section back to the Drafting Committee.

The Chairman read to the Committee Alternative B of Article IX, Sec. 3, Paragraph (c) (p. 39), which deals with illegal exchange transactions carried on in a member country in the currencies of other members. Since this provision is still in the Drafting Committee, the amendment was referred to the Drafting Committee.

The time of the Committee had run out before it was able to consider the following proposals which have been circulated as alternatives to the articles assigned to it: Alternatives C and D under Article II, which provide for the inclusion of silver in the subscriptions of the member countries and which appear on pages 2b and 4b of SA/1; and Article IX, Section 8, Alternative A (p. 43b) which adds to the obligations assumed by members that of cooperating with other members in rendering permissible and approved exchange restrictions effective.

The meeting adjourned at 11 a.m.