Minutes of Eighth Meeting of Committee 2 of Commission I
July 13, 1944 - 10 A.M.
and continued 2 P.M.

The Committee continued its discussion of the report of the ad hoc subcommittee on Article III, Section 2, Conditions under which any Member may Purchase Currencies of other Members, paragraph (3), Alternative A (p. 6a), Alternative B (p. 6b), Alternative C (p. 6c) and Alternative F (p. 6e). The Committee approved the report of the subcommittee as amended by the Mexican Delegation. Section 2 (3) of Alternative A (p. 6a) is thereby accepted as it stands and the sentences following paragraph (4) are revised to read as follows:

"The Fund may in its discretion and on terms which safeguard its interests, waive any of these conditions, especially in the case of members with a record of avoiding large or continuous use of the Fund's resources. In making such waiver it shall take into consideration periodic or exceptional requirements of members. The Fund shall also take into account a member's willingness to pledge as collateral gold, silver, securities, or other acceptable assets having a value sufficient in the opinion of the Fund to protect its interests and may require as a condition of such waiver the pledge of such collateral."

The Committee then considered Article III, Section 10, Charges and Commissions, Combined Alternatives A and B (pp. 12a, 13b), Alternative C (p. 13b), and Document 285 containing two tables in explanation of the Combined Alternatives. The Committee agreed to report substantial agreement on the principles involved but considerable divergence of views as to the nature and amount of the charges contemplated in the Combined Alternatives. Alternative G (p. 13b) received substantial support.

The Committee then discussed Article III, Section 12, Representations by the Fund, Alternatives A and B (p. 15). The language committee recommended that the Section read as follows:

"The Fund shall have at all times the right to communicate its views informally to any member on any matter arising under this Agreement. The Fund may, by a two-thirds majority, publish a report to that member with regard to its monetary or economic conditions and developments which directly tend to produce a serious disequilibrium in the international balance of payments of members. If the member has not among the Executive Directors a Director appointed by it, the provisions of Article VII, Sec. _____ apply. The Fund shall not publish a report which would involve changes in the fundamental structure of the economic organization of members."
The Committee accepted the recommendation of the language committee after considerable discussion.

The Committee then discussed Article III, Section 9, Transferability and Guarantee of the Assets of the Fund, paragraph (b) (p. 12).

The Memorandum to Committee 2 on Use of Currencies Held by the Fund, Document 261, was explained and the wording proposed on page 4 was discussed at length. The Committee agreed that paragraph (b) of Section 9 (p. 12) should be eliminated from the document and that a provision embodying the substance of the provision on page 4 of Document 261 as revised in the light of the Committee discussion should be worked out by a subcommittee and presented to the Reporter for Commission I. The Committee agreed that this provision should be made part of Article III, Section 8, Other Acquisitions of Gold by the Fund (p. 11). The Delegate of the Union of Soviet Socialist Republics asked to reserve his position.

The Committee then turned to the discussion of Article IV, Section 5, Changes in Par Values, Alternative B, paragraph (b) (p. 15b), because consideration of this provision had been deferred pending discussion of Article III, Section 9, paragraph (b). The Committee approved Section 5, paragraph (b) (p. 15b).

The Committee also discussed Article XIII, Section 5, The Fixing of Initial Par Values, Document 278 (p. 30), Alternative A (p. 50b), Alternative B (presented orally) and Alternative B (p. 16a) originally presented as an Alternative to Article IV, Section 1, Par Values of the Currencies of Members. The Committee decided to report general agreement on paragraphs (a), (b), (c), on (d) of Document 278 (pp. 50 and 50a), and also on the Alternative B, presented orally, which revised paragraph (a) of Document 278 and adds a new paragraph (b). The Committee also agreed that paragraph (b) be expanded to meet in part the proposals made in Alternative B (p. 16a) and Alternative A (p. 50b). A small subcommittee was appointed to work out the revision on the basis of the Committee discussion and communicate directly to the Reporter for presentation to the Commission.

The Chairman then noted that the only other items on the Agenda of Committee 2 were Article III, Section 8, Other Acquisitions of Gold by the Fund (pp. 11b, 11c, 11b, 11c), and Article X, Transitional Arrangements (p. 44). In both cases material was not available and it was agreed that these items would be taken up directly in Commission I.

The United States Delegation said that it would prepare an explanatory memorandum on Article III, Section 8 and on Article III, Section 6.
Minutes of Eighth Meeting of Committee 2 of Commission I

July 12, 1944 - 10 A.M.
and continued 2 P.M.

The Committee continued its discussion of the report of the ad hoc subcommittee on Article III, Section 2, Conditions under which any Member may Purchase Currencies of other Members, paragraph (3), Alternative A (p. 6a), Alternative B (p. 6b), Alternative D (p. 6c) and Alternative F (p. 6e). The Committee approved the report of the subcommittee as amended by the Mexican Delegation. Section 2 (3) of Alternative A (p. 6a) is thereby accepted as it stands and the sentences following paragraph (4) are revised to read as follows:

"The Fund may in its discretion and on terms which safeguard its interests, waive any of these conditions, especially in the case of members with a record of avoiding large or continuous use of the Fund's resources. In making such waiver it shall take into consideration periodic or exceptional requirements of members. The Fund shall also take into account a member's willingness to pledges as collateral gold, silver, securities, or other acceptable assets having a value sufficient in the opinion of the Fund to protect its interests and may require as a condition of such waiver the pledge of such collateral."

The Committee then considered Article III, Section 10, Charges and Commissions, Combined Alternatives A and B (p. 13a, 13b), Alternative C (p. 13b), and Document 285 containing two tables in explanation of the Combined Alternatives. The Committee agreed to report substantial agreement on the principles involved but considerable divergence of views...
as to the nature and amount of the charges contemplated in the Combined
Alternatives. Alternative C (p. 13b) received substantial support.

The Committee then discussed Article III, Section 12, Representations
by the Fund, Alternatives A and B (p. 15). The language committee recommended
that the Section read as follows:

"The Fund shall have at all times the right to communicate its
views informally to any member on any matter arising under this
Agreement. The Fund may, by a two-thirds majority, publish a
report to that member with regard to its monetary or economic
conditions and developments which directly tend to produce a
serious disequilibrium in the international balance of payments
of members. If the member has not among the Executive Directors
a Director appointed by it, the provisions of Article VII,
Sec. _____ apply. The Fund shall not publish a report which
would involve changes in the fundamental structure of the economic
organization of members."

The Committee accepted the recommendation of the language committee after
considerable discussion.

The Committee then discussed Article III, Section 9, Transferability
and Guarantee of the Assets of the Fund, paragraph (b) (p. 12).

The Memorandum to Committee 2 on Use of Currencies Held by the
Fund, Document 281, was explained and the wording suggested on page 4 of
that document was discussed at length. The Committee agreed that paragraph
(b) of Section 9 (p. 12) should be eliminated entirely from the document
and that a provision embodying the substance of the provision suggested
on page 4 of Document 281 as revised in the light of the Committee discussion should be worked out by a small subcommittee and presented to the Reporter to be in turn presented by him to Commission I as recommended by Committee 2. The Committee agreed that this provision should be made part of Article III, Section 8, Other Acquisitions of Gold by the Fund (p. 11). The Delegate of the Union of Soviet Socialist Republics asked that his reservation be reported to the Commission.

The Committee then turned to the discussion of Article IV, Section 5, Changes in Par Values, Alternative D, paragraph (b) (p. 18c) since consideration of this provision had been deferred pending discussion of Article III, Section 9, paragraph (b). The Committee approved Section 5, paragraph (b) (p. 18c).

The Committee then discussed Article XIII, Section 5, The Fixing of Initial Par Values, Document 278 (p. 50), Alternative A (p. 50b), Alternative B (presented orally) and Alternative B (p. 16a) originally presented as an Alternative to Article IV, Section 1, Par Values of the Currencies of Members. The Committee agreed to report that there was general agreement on paragraphs (a), (b), (c), and (d) of Document 278 (pp. 50 and 50a), and also on the Alternative B presented orally at the 8 meeting which revised paragraph (e) of Document 278 and adds a new paragraph (b). The Committee also agreed to report that paragraph (b) be expanded to meet in part the proposals made in Alternative B (p. 16a) and Alternative A (p. 50b).
A small subcommittee was appointed to work out the revision on the basis of the Committee discussion and communicate directly to the Reporter who in turn will report the recommendations of that subcommittee to the Commission.

The Chairman then pointed out that the only other items on the Agenda of Committee 2 were Article III, Section 8, Other Acquisitions of Gold by the Fund (pp. 11, 11a, 11b, 11c), and Article X, Transitional Arrangements (p. 44). In both cases material was not available and it was agreed that these items would be taken up directly in Commission I.

The United States Delegation said that it would prepare an explanatory memorandum on Article III, Section 8 and on Article III, Section 6.