RG 56
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Office Of The Assistant Secretary For International Affairs
Deputy To The Assistant Secretary And Secretary Of The International Monetary Group
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ARTICLE IV

Suggested redraft by U.K. Delegation

For (2). (3) and (4) substitute the following:-

(1) The member countries agree that they will collaborate with the Fund to promote exchange stability, to maintain orderly exchange arrangements among members, and to avoid competitive exchange depreciations. If an alteration in the par value of a member country's currency becomes necessary it shall only be made on the proposal of the member; and member countries agree not to propose a change unless it is required to correct a fundamental disequilibrium.

(2) A proposal made by a member country under (1) above shall be dealt with by the Fund as follows:-

(a) If the proposed change inclusive of any previous change since the establishment of the Fund does not exceed 10 per cent the Fund will raise no objection.

(b) If a proposed change not covered by (a) above does not exceed a further 10 per cent the Fund shall give a reply within two days of receiving the application if the applicant so requests.

(c) For a proposal involving a larger change the Fund may require reasonable notice.

(d) The Fund shall concur in a proposed change under (b) and (c) if it is shown to be essential to the correction of a fundamental disequilibrium. In particular, the Fund shall not reject a proposed change necessary to restore equilibrium because of the domestic, social or political policies of the country applying for a change.

(e) In considering a proposed change under (b) and (c), the Fund shall take into consideration the extreme uncertainties prevailing when the par values of the currencies of member countries were initially agreed upon.

(f)

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(f) If the Fund considers that the proposal has not been shown to be essential for the correction of a fundamental disequilibrium and is unjustified, having regard to the interests of the other member countries and the proper working of the Fund, the member country shall be requested not to make the proposed change.

(3) If a member country fails to conform to any of the above requirements it may be suspended from the privileges of the Fund, but shall remain subject to its other obligations until such time as the Fund and the member have been able to reach agreement on the par value of the member's currency in the light of further discussion and subsequent experience; and at any time failing such agreement, a member country may be called upon to withdraw from membership by a two-thirds majority of the member countries.

28th June, 1944