INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

SECOND ANNUAL MEETING
OF THE BOARD OF GOVERNORS

LONDON, ENGLAND
SEPTEMBER 11-17, 1947

PROCEEDINGS

WASHINGTON, D. C.
OCTOBER 31, 1947
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INTRODUCTORY NOTE

Pursuant to Resolution No. 14 adopted on October 3, 1946 at the First Annual Meeting of the Board of Governors of the International Bank for Reconstruction and Development held at Washington, D. C., the Second Annual Meeting was convened in London, from September 11 to September 17, 1947 by the Rt. Hon. Hugh Dalton, Chancellor of the Exchequer of the United Kingdom and Chairman of the Board of Governors of the Bank.

Of the 45 member countries of the International Bank for Reconstruction and Development, 44 were represented. Observers on behalf of the United Nations, the Food and Agriculture Organization of the United Nations, the International Labor Office, the Republic of Finland and New Zealand attended the Meeting.

The Board of Governors considered and took action on the reports and recommendations prepared and submitted by the Executive Directors, as well as on matters raised during the Meeting. In addition to various Committee meetings, the Board of Governors completed the business of the Second Annual Meeting in five plenary sessions, two of which were joint sessions with the Board of Governors of the International Monetary Fund.

This booklet presents the proceedings of the Second Annual Meeting and the decisions taken by the Board of Governors.

M. M. MENDELS
Secretary
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Washington, D. C.
October 31, 1947
MESSAGE FROM THE PRIME MINISTER OF THE UNITED KINGDOM,
THE RT. HON. CLEMENT R. ATTLEE, TO THE CHAIRMAN OF THE
BOARD OF GOVERNORS, SEPTEMBER 11, 1947

My Dear Chancellor of the Exchequer,

I know that you share my own pleasure that this year's meetings of the Board of Governors
of the International Monetary Fund and International Bank for Reconstruction and Development
are taking place in London.

In these days, when so large a part of mankind is still struggling against the consequences
of the unprecedented destruction and dislocation of the Second World War, the importance of such
international institutions is evident. Our problems are not confined to any one country. They are
thrown into sharp relief by the world-wide shortage of primary products, both agricultural and
mineral. They can only be resolved by wise and thoughtful international co-operation. I should be
grateful if you would convey to the delegates my own good wishes for the success of their
deliberations.

Yours Sincerely,
(Signed) C. R. ATTLEE

THE RT. HON. HUGH DALTON,
Chairman,
Board of Governors of the International
Bank for Reconstruction and Development,

[ 3 ]
ADDRESS BY THE RT. HON. HUGH DALTON, CHAIRMAN OF THE BOARD OF GOVERNORS AT THE OPENING SESSION, SEPTEMBER 11, 1947

Gentlemen, I am very happy to welcome to London the Governors, the Directors and the staff of the International Monetary Fund and of the International Bank for Reconstruction and Development. I trust that your stay in our capital city, which still shows many marks of the damage it suffered during the war, will be interesting and pleasant, and that you will also find time to visit some other parts of our country.

This is the Second Annual Meeting of these two important institutions. I have many vivid memories of the First Annual Meeting held twelve months ago at Washington, and of the most friendly welcome which we all received in the United States. Since that meeting six new members have joined our number—Australia, Italy, Lebanon, Syria, Turkey and Venezuela. We are very glad to see their representatives here today, and we are sure that they will bring each his own characteristic contribution of strength and wisdom to our gathering. Even so, our ranks are still far from complete, and I hope that, before long, a number of other countries will also decide to take up membership of these two institutions.

Since the First Annual Meeting, and particularly in the last few months, there has been a very marked and rapid worsening in the economic position and prospects of almost all the countries represented here. This deterioration has been most frankly and clearly set forth in the two admirable Annual Reports, of the Fund and the Bank respectively, which we shall be considering during the next few days.

In the words of the Fund Report, "Now, more than a year after the establishment of the Fund, the world is confronted with seriously unbalanced trade, with an urgent problem of financing international payments, and with severe shortages of goods for reconstruction and even for maintaining minimum consumption standards in many countries . . ."

The consumption of food and other goods is being severely restricted and in general held considerably below the pre-war level. In most of Europe and the Far East deficiencies in consumption and housing have already endangered the health of the people and impaired the efficiency of labour . . ."
the fields of reconstruction and development, it can help to restore that confidence." 

Gentlemen, these are admirable, cogent and irresistibly logical observations. The situation which is thus disclosed in these two Annual Reports means that these two Institutions now face a grave new challenge. Events have over-run all our calculations, and these present meetings are being held under the shadow of the international economic emergency which now prevails.

Both the Fund and the Bank have, during the past twelve months, begun operations. Their first transactions are recorded in the Reports. The Fund has already sold exchange, both dollars and sterling, to France, to the Netherlands and to Mexico. The Bank has already made loans to France, the Netherlands, Denmark and Luxembourg and has successfully made its first public issue of its own bonds. The Fund has now fixed par values for the currencies of nearly all its members, and has issued a timely warning against sales of gold at premium prices, an evil practice which might easily undermine exchange stability and transfer gold from central holdings into private hoards. These beginnings are good, and they give grounds for future confidence and for our congratulations to M. Gutt and Mr. McCloy. But I feel sure that you will wish to consider here all possible ways by which both the Fund and the Bank may make, within the next few months, an even larger contribution towards solving the urgent problems which confront us all, and towards helping to stave off the economic disasters which threaten so many of our members.

As regards Europe, the first necessity is a great increase in production and in international trade. This, within a framework of cooperation between the Governments, is the key to recovery. Each nation can, and must, go a great way along the road to recovery through its own efforts. But, unaided, most cannot go all the way. Such aid can come, in part, from the Fund and the Bank. In this critical interval necessary for recovery, there are grave dangers, in many countries, of economic collapse and of social dissolution. Even those fortunate nations in the New World on whose countries no bombs fell and through which no enemy armies marched, even those fortunate nations are indissolubly bound, by ties of common interest, to the battered lands of Europe and of Asia. As Mr. McCloy has said in a most striking phrase, echoing back the great words of Abraham Lincoln, "the world cannot endure half skyscraper and half rubble." We are all, indeed, whether we will it or no, members one of another.

While we are meeting here in London, the representatives of many nations are meeting in Paris, to prepare a plan in response to the bold and generous initiative of Mr. Marshall. This urgent effort to avert an economic catastrophe which, if it were once allowed to begin, might soon engulf us all, calls for many contributory approaches. One such approach is through the discussions in Paris. Another is through our discussions here in London.

Let us, therefore, take counsel together, each with a full sense of the gravity of this historic hour. The tides of fate are fast running out. We must be prompt and resolute to seize what may be our final opportunity.


Mr. Chairman, I am sure to express the unanimous feeling of my honorable colleagues in thanking you for your kind greetings. We all feel proud to meet in the capital city of the country which has fought with the utmost courage and determination for the freedom of the world and which is now fighting for the recovery of its own economy, so essential for the prosperity of the world.

We hope that the present meeting, under the authoritative chairmanship of the Rt. Hon. Hugh Dalton, Chancellor of the Exchequer, and with the help of the highly qualified experts in all member countries, will bring its contribution, and a constructive one, to the world's recovery and peace.

Gentlemen, I am happy to have the opportunity of presenting to you the Second Annual Report of the International Bank for Reconstruction and Development. I am also glad to be able formally to thank the Chairman, Mr. Dalton, on behalf of the Bank for his words of welcome and the hospitality which he and his country are affording us.

The Report contains what I believe to be a comprehensive and accurate statement of the activities of the Bank since the First Annual Meeting of the Board of Governors, of the more important problems which to-day face the Bank and of our attitude towards those problems.

It would serve no useful purpose for me to repeat here what we have set forth at length in the Report. There are, however, certain aspects of the Bank’s activities which I regard as particularly significant, and which I believe deserve discussion at this Meeting.

On the organisational side I am glad to be able to report that the Bank is by now very much a going concern. It is, I believe, an effective and efficient international agency. The staff, recruited from nineteen different nations, represents an aggregation of varied talents and experience. We have former central bank executives, finance ministry officials and private bankers; we have economists who come from government service, from business and from the universities. We come from many different backgrounds and speak many different tongues; but our whole staff shares, I am convinced, a deep loyalty to the Bank and to the purposes for which it was formed.

The Management of the Bank has been given unstinted support and assistance in all its efforts by the Executive Directors. The Directors have devoted their attention to matters of policy and have delegated, I think quite properly, administrative matters to the Management. The line between policy and administration is sometimes not too easy to draw, but suffice it to say the operations of the Bank have been carried out, at least during the period in which my personal experience permits me to testify, in a spirit of mutual co-operation between the Directors and the Staff, which has been most fortunate and helpful. I think I am correct in saying that on all matters which have come before the Board we have thus far never had a division in our voting.

The past year has been an important one in the development of the Bank’s policies. We have undertaken our first operations both as borrower and lender, and have begun to build up a policy framework which will give form to our future activities.

The core of that structure is our continuing emphasis on the requirement that loans made by the Bank must be made productive and must relate to well-designed projects of reconstruction and development. That requirement implies many things. It implies that the project or program we help to finance must promise an increase in the level of industrial or agricultural output of the borrowing country. It implies that the proceeds of the loan must be utilised only for the productive purposes for which the loan was granted. It implies that the borrowing country itself must take effective steps, where necessary, to remedy any unsound monetary or budgetary practices which would threaten either the productivity of the loan or the prospects of its repayment.

I think it is fair to say that the very thorough technical investigation of each program or project presented for financing, which is made by the Bank’s staff both in Washington and in the prospective borrowing country, provides reasonable assurance that the plans financed by the Bank are inherently sound from an economic standpoint. It is more difficult to speak with confidence when it comes to choosing among several meritorious projects, for here the element of judgement plays such a great part. But our effort has been, and will for the present at least continue to be, to emphasise those projects which promise the greatest increase in productive output in the shortest possible time. I believe that the four loans we have made to date satisfy that test.

In co-operation with the borrowing agencies we have established mechanisms to assure that
the proceeds of our loans are not diverted to purposes other than those for which the loans were granted. This includes not only the meticulous checking of documents of purchase and the like, but also checking on the end use within the borrowing country of the goods purchased with money advanced by the Bank. If we lend money for a railroad, or a coal mine, or a power plant, we wish to see that it is used for that purpose so that we may be able to satisfy ourselves and our investors that it was so employed.

But our technical investigations and our supervision over the application of the proceeds will prove of little value in assuring that our loans will prove productive unless there is a reliable economic base on which to build. Without definite advances toward achieving balanced budgets, sound tax systems and monetary stability there is little hope for the effective employment of the Bank's somewhat limited funds. With such a base there is every hope and prospect that the Bank can make a real contribution to the solution of the post-war reconstruction and development problems.

The responsibility for taking the political decisions required for the achievement of the necessary financial reforms rests with the appropriate officials of the individual nations, but I believe that the Bank, precisely because it is a co-operative international agency, with no interest except the common welfare of its members, will increasingly prove useful as an influence to prompt and perhaps to facilitate the taking of the necessary political steps to bring about economic stability.

Let me make clear that when I emphasise the importance that the Bank's loans prove productive, I am speaking not simply as the head of a banking institution. I am thinking equally of the importance of productive loans from the standpoint of healthy international relations. There are few things which place a greater strain upon friendship between nations than international loans which leave behind merely an obligation to repay, without corresponding benefits to those who must bear the burden of repayment. In such cases, and they have unfortunately not been infrequent, the people of the borrowing country are apt to regard the lender as a foreign ogre of whom the worst can readily be believed. The people of the lending country, on the other hand, when they discover that their own quite generous instincts are being interpreted as avarice, are apt to become disillusioned and to look with disfavor upon further ventures in the international field. The sum total is impairment rather than improvement of relations within the international community.

I had very close and continuous contact with the American investment community last spring and summer when we were engaged in floating the Bank's first bond issue. I was much impressed by the average investor's desire to help in achieving world recovery, by his willingness to play his part, provided only that he could be convinced that the investment he was asked to make would prove effective. The sale of the Bank's bonds in the teeth of an uninterrupted gale of bad news coming from abroad is, I believe, evidence of that attitude.

Apart from the United States, which has consented to the use of all of its paid-in capital for lending purposes, and Belgium, which has consented to the loan of the equivalent of two million dollars in Belgian francs out of its paid-in capital, none of the other members of the Bank has given permission to the Bank to use for lending purposes the capital which that country has paid in. Thus far the Bank has not sought to market its bonds anywhere except in the United States.

I refer to these facts because they demonstrate why the Bank must attach importance to the views of the American investor and must conduct its activities in such fashion that its bonds will be considered a sound business risk by the United States financial community. This preponderance of the United States as the source of the Bank's lending capital is inherent in the present economic situation of the world. When other investors' money is sought, whatever their nationality, I feel sure they will be no less exacting and no less helpful. We should not think of the investor's interest as being antagonistic to world recovery plans, for it is only as capital is stimulated to move into reconstruction and development that the world can prosper. Moreover, the investor's interest parallels that of the member countries. While perhaps many member countries are potential borrowers from the Bank, all are potentially liable to make good any possible defaults on the Bank's own obligations.

I believe it becomes increasingly the duty of the Bank to consider ways and means whereby, even in this transition period, the currencies of member countries other than the United States may be made available to the Bank for lending
purposes. We do not have unlimited funds to dispense to any nation or enterprise which may be in need. What we have is a sizeable, though limited, borrowing capacity. The Bank’s resources are not sufficient to cover immediate global deficits in balances of payments. They cannot satisfy the world’s food and fuel shortages. But they can do much in the way of reconstructing and increasing industrial and agricultural capacity and as we help increase production the great deficits which are the result of the unbalance of production will disappear.

I wish that it were possible to outline for you a detailed program of action for the Bank to follow during the forthcoming year. At present, however, the economic and political framework within which we must work is not clear enough to make firm planning possible.

So far as Europe is concerned, the role of the Bank cannot help but be affected by the form, the extent and the timing of any assistance which may be made available under the so-called Marshall Plan. I do not regard the Marshall Plan as a substitute for or as precluding loans by the Bank to the countries participating in the Paris deliberations. To the contrary, any grants or credits which may be made available under any future economic plans and the self-help which may be a concomitant of such plans will most probably tend to make the Bank’s loans at once more productive and more appealing, both to our investors and our stockholders.

The loans which have been granted during the past year have all been to European nations. I hope that, by the time of the next annual meeting we can report that loans have been made to a number of non-European countries as well.

We are vitally interested in pushing the development aspect of our responsibilities, for in the very magnitude of the development potentialities of the Bank’s members lies the best hope of the world for greater economic well-being in the future.

Despite some of the discouraging aspects of the present situation, it is not cause for despondency that, only two years after the conclusion of the war, greater economic stability has not yet been achieved and much still remains to be done in raising or restoring the standard of living. Reconstruction and development cannot be quickly accomplished after political, economic and human dislocations of the magnitude experienced during the recent war. In many respects, as the Annual Report of the Bank shows, real progress has been made. We are too prone to forget that the devastation and disruption of the Second World War were far more extensive than those of the First World War. Time, hard work and leadership are as necessary as dollars in the repairing of that damage.
SECOND ANNUAL MEETING OF THE BOARD OF GOVERNORS

AGENDA

2. Financial statements and annual audit.
3. Administrative budget for the fiscal year ending June 30, 1948.
5. Proposed increases in the subscriptions of Iran and Egypt to the capital stock of the Bank.
8. Site of future annual meetings.
9. Loan regulations.
10. Proposed election of a fourteenth Executive Director.

The Agenda for the Second Annual Meeting was considered by the Joint Procedures Committee at its first meeting on September 10, 1947, and recommended to the Board of Governors for adoption. It was adopted by the Board at the First Session (Joint), September 11, 1947.
COMMITTEE REPORTS ADOPTED BY THE BOARD OF GOVERNORS

JOINT PROCEDURES COMMITTEE

Chairman: ....................................... United Kingdom
Vice-Chairman: ................................. China
Reporting Member: ............................. Czechoslovakia
Other Members: Belgium, Canada, Chile, Cuba, France, India, Iran, Norway and United States.

SUMMARY OF REPORTS

The Joint Procedures Committee of the Bank and the Fund held its first meeting on September 10, 1947, and considered the proposed Agendas, committees and their terms of reference for the Bank and the Fund and the conduct of the business of the Meeting as a whole. The Joint Procedures Committee met, in all, three times and made three reports to the Board of Governors which were approved.

With regard to the conduct of the Meeting as a whole, the Committee's recommendations were:

(a) The opening and closing joint sessions of the Board of Governors of the Bank and the Fund and the sessions at which the Annual Reports of the Bank and the Fund were to be presented should be open to the press and the public; all other sessions of the Boards of Governors of the Bank and the Fund and all meetings of their committees should be closed to the press and public.

(b) All joint sessions of the Boards of Governors of the Bank and Fund and all sessions of either Board of Governors should be open to accredited observers; all meetings of the committees of the Boards of Governors of the Bank and Fund should be closed to such observers.

(c) Any meeting of the committees of the Boards of Governors of the Bank or Fund, with the exception of the meetings of the Joint Procedures Committee, should be open to the attendance, as observers, of Governors and Alternate Governors who were not members of the committee, and their authorized advisers.

(d) All sessions of the Boards of Governors and all meetings of committees should be open to members of the joint secretariat and the technical staffs of the Bank and the Fund necessary to the orderly conduct of business.

(e) The Chairman of the Boards of Governors, the President of the Bank, and the Managing Director of the Fund should be authorized to communicate to the press such information concerning the proceedings of the Second Annual Meeting of the Boards of Governors as they deemed suitable.

(f) The Secretaries of the Bank and the Fund should be authorized to have prepared a verbatim transcript of the proceedings of all sessions of the Boards of Governors of the Bank and the Fund.

(g) The Secretaries of the Bank and the Fund should be authorized to have prepared summary records of all proceedings of the committees of the Boards of Governors.

(h) Reports of committees submitted to the Boards of Governors should be signed by the Committee Chairman and the Reporting Member.

At its second meeting, on September 12, the Joint Procedures Committee considered the following draft resolution forwarded by the Governor of the Bank for Poland:

"The Board of Governors of the International Bank for Reconstruction and Development RESOLVES: The principles contained in Article III, Sections 1 and 4 of the Articles of Agreement, i.e. that 'the resources and the facilities of the Bank shall be used exclusively for the benefit of members' and for 'any business, industrial and agricultural enterprise in the territories of a member' shall be applied in the strict sense.'"

After discussion, the Committee decided that this draft resolution involved questions of interpretation of the Articles of Agreement and should, therefore, be referred to the Executive Directors of the Bank in accordance with Article IX (a) of the Articles of Agreement of the Bank.
The Joint Procedures Committee, at its third meeting, considered the site of future annual meetings, the nomination of officers for the ensuing year, and the composition of the Joint Procedures Committee for the ensuing year. The Committee recommended slates of officers for the Board of Governors and for the Joint Procedures Committee for 1947-48. It also recommended that the Third Annual Meeting be held in September 1948, in Washington, D. C. These recommendations were approved by the Board of Governors, at the closing Session (Joint), September 17, 1947 and appear as Resolutions 26, 27 and 28 of the Board of Governors on page 22.

The Committee considered the report of the Executive Directors of the International Bank for Reconstruction and Development which invited the attention of the Board of Governors to various considerations pertaining to the site of future annual meetings and to the question of whether it would be advisable or not to hold future annual meetings at the place where the principal office of the Bank is located.

The Committee discussed the advantages and disadvantages of holding the annual meeting at a distance from the principal office of the Bank. It was the sense of the Committee that the annual meetings of the Boards of Governors of the Bank and the Fund should be held in the same location and at the same time. The Managing Director of the Fund emphasized the advantage to be gained from holding annual meetings in different member countries. The President of the Bank pointed out the advantages to the Boards of Governors of meeting periodically at the location of the principal offices of the Bank and the Fund.

After due consideration, the Committee recommended to the Boards of Governors that the question of the location of future annual meetings after the Third be left open for the time being, with the recognition that there would be considerable advantage in holding the Fourth Annual Meeting in the capital of some member country other than the United States.
Mr. Chairman:

I have the honor to report the recommendations of the Committee on Finance with respect to the Financial Statements and Administrative Budget of the Bank.

The Committee met in Committee Room A, Institution of Civil Engineers, at 12:00 noon on Friday, September 12, 1947.

The Chairman referring to the Second Annual Report made an introductory statement pointing out the successful operations of the Bank during the past year, a period of deterioration in the world economic situation. He stated that the policy followed by the President and the Executive Directors of the Bank was sound and quite satisfactory.

The following documents, attached as Appendices “A” to “F” inclusive to the Second Annual Report, were then considered:

(a) Balance Sheet showing the financial position of the Bank as of June 30, 1947;
(b) Statement of Income and Expenses for the twelve months ended June 30, 1947;
(c) Statement of Members' Currencies held by the Bank on June 30, 1947;
(d) Statement of Subscriptions to Capital Stock and Voting Power of Members as of June 30, 1947;
(e) Notes to Financial Statements;
(f) Auditors’ Report.

The Governor for Venezuela made a statement explaining that the delay in the payment by Venezuela of part of its subscription to the capital stock of the Bank, referred to in Appendix “D” to the Second Annual Report, was due to consultations with the Bank concerning the drafting of the note to be substituted pursuant to Article V, Section 12 of the Articles of Agreement. He pointed out that such payment has since been made, as shown in Note C of Appendix “E.”

The Committee also had before it the Administrative Budget of the Bank for the fiscal year ending June 30, 1948, attached as Appendix “G” to the Annual Report. This Budget was prepared in accordance with Section 19 of the By-Laws, and approved by the Executive Directors.

In this connection, a statement was presented to the Committee by the President of the Bank giving general estimates of income and expenses for the twelve months ending June 30, 1948. The President indicated that, although all income estimates necessarily depend upon policy decisions to be made in the future, the income of the Bank for the current fiscal year will be adequate to cover anticipated expenditures during the year.

The representative for the United States made a statement indicating satisfaction with the Administrative Budget but expressing the hope and expectation that, as he was sure the Management intended, the Bank would, by conducting its affairs with maximum economy and efficiency, seek to avoid public criticism.

A statement was also made by Mr. E. Fleetwood Dunstan, Director of Marketing, with respect to the marketing of the securities of the Bank.
The Committee voted its thanks and appreciation to Messrs. McCloy, Black and Dunstan for their fine work in connection with the first issue and sale of bonds by the Bank.

In the name of the Committee on Finance, I have the honor to recommend to the Board of Governors the approval of this report and the adoption of the draft resolution attached hereto.

Approved:

A. J. Sbarounis  
Chairman  
(Greece)  

M. H. de Kock  
Reporting Member  
(Union of South Africa)

This report was approved by the Board of Governors at the Fourth Session, September 16, 1947.

The resolution mentioned in the above report appears as Resolution 19 of the Board of Governors on page 19.
Mr. Chairman:

I have the honor to report the recommendations of the Joint Committee on Membership with respect to the agenda items assigned to it.

The Committee held its first meeting at 4:30 p.m. on Friday, September 12, 1947 in Committee Room B, Institution of Civil Engineers, and considered the reports of the Executive Directors with respect to the application of the Republic of Finland for membership in the Bank and with respect to increases in the subscriptions of Iran and Egypt to the capital stock of the Bank.

In the name of the Joint Committee on Membership, I have the honor to recommend to the Board of Governors of the Bank:

(1) that the Republic of Finland be admitted to membership in the Bank upon the terms and conditions set forth in the draft resolution which is attached to this report as Annex I;

(2) that an increase of the subscription of Iran to the capital stock of the Bank be authorized upon the terms and conditions set forth in the draft resolution which is attached to this report as Annex II;

(3) that an increase of the subscription of Egypt to the capital stock of the Bank be authorized upon the terms and conditions set forth in the draft resolution which is attached to this report as Annex III;

(4) that, accordingly, the draft resolutions contained in Annexes I, II and III of this report be adopted by the Board of Governors at this Second Annual Meeting.

The Committee also considered the communication received from the Government of India transmitting a copy of the Indian Independence (International Arrangements) Order, 1947, and took cognizance thereof. The Committee is of the opinion that no action with respect thereto need be recommended to the Board of Governors. It is furthermore the sense of the Committee that the original subscription of India to the capital stock of the Bank should continue to be the subscription of the Dominion of India.

Approved:

FRANCISCO ALVES DOS SANTOS-FILHO
Chairman (Brazil)

D. C. ABBOTT
Reporting Member (Canada)

This report was approved by the Board of Governors at the Fourth Session, September 16, 1947.
The resolutions mentioned in the above report, appear as Resolutions 20, 21 & 22 of the Board of Governors on pages 19 and 20.
Mr. Chairman:

I have the honor to report the recommendations of the Committee on Rules and Regulations with respect to the agenda items which were referred to it.

At its first meeting, held at 10:00 a.m. on September 13, 1947, the Committee considered the following reports of the Executive Directors:

(a) Report on Loan Regulations No.1; and

(b) Report on the proposed election of a fourteenth Executive Director.

Loan Regulations No.1

The Committee has considered Loan Regulations No.1 governing the arbitration of controversies and claims arising under loan agreements. These regulations were adopted by the Executive Directors on May 9, 1947, under the authority vested in them by Section 16 of the By-Laws of the Bank, pursuant to which such Loan Regulations are subject to review by the Board of Governors at this Second Annual Meeting.

The Committee recommends to the Board of Governors that it notify the Executive Directors that it has reviewed Loan Regulations No.1 of the Bank and has no changes to suggest therein.

Proposed Election of Fourteenth Executive Director

After discussion, it was the consensus of the Committee that the report of the Executive Directors should be approved on the understanding that the conclusion stated in paragraph 13 of the report is based on the facts as stated in the report and that the number of Directors to be elected at the second regular election of Executive Directors might have to be reconsidered by the Board of Governors in the light of any changes in these facts which might occur before the second regular election of Executive Directors.

The draft resolution regarding the proposed election of a fourteenth Executive Director was discussed and it was agreed that, under the resolution, the proposed additional Executive Director would be temporary.

In the name of the Committee on Rules and Regulations I have the honor to recommend to the Board of Governors, on the understanding above stated, the approval of the report of the Executive Directors and the adoption of the draft resolution submitted by the Executive Directors and attached hereto.

Approved:

JAMUSZ ZOLTOWSKI
Chairman
(Poland)

MAURICE FRERE
Reporting Member
(Belgium)

This report was approved by the Board of Governors at the Fourth Session, September 16, 1947.
The Report of the Executive Directors appears on page 23.
The resolution mentioned in the above report appears as Resolution 23 of the Board of Governors on page 21.
Mr. Chairman:

I have the honor to report the recommendations of the Joint Committee on Liaison with respect to the proposed agreement between the United Nations and the Bank, which the Executive Directors have referred to the Board of Governors for approval. This Committee met at 12 noon, Saturday, September 13, 1947, in Committee Room B, Institution of Civil Engineers.

Note was taken by the Committee that the proposed agreement, which is substantially the same as the agreement negotiated between the United Nations and the International Monetary Fund, had been approved by the Economic and Social Council of the United Nations and, if approved by the Board of Governors of the Bank, would be presented for approval to the General Assembly of the United Nations at its forthcoming session.

Mr. Stane Krasovec, Governor of the Bank for Yugoslavia, made the following statement on behalf both of himself and the Governor of the Fund for Yugoslavia:

"I should like to make a brief statement with regard to the agreement under discussion. I may add that I am informed that the views of the Governors for Yugoslavia are also shared by the Governors for several other countries.

Taking into consideration that the proposed agreement has already been approved by the Economic and Social Council of the United Nations and by the Executive Directors of the Bank and Fund, and in order to bring to an end the undesirable state of affairs caused by the absence of any agreement between the respective international organizations, we are ready to concur with the conclusions of the agreement, although we are not quite satisfied with its contents.

We would therefore like to take this opportunity to emphasize that the proposed agreement does not go far enough to be entirely in conformity even with the more comprehensive provisions of section 8(b), Article V of the Articles of Agreement of the Bank.

We are, however, prepared to vote for the present agreement as we consider it at least a positive step towards the closest possible and most loyal co-operation and we hope that in the light of the experiences obtained in the future it will be possible to make adjustments and improvements which may prove desirable."

Sir Gordon Munro, Alternate Governor of the Bank for the United Kingdom, proposed, and it was agreed, that there be inserted in the report of this Committee the following:

"Any recommendations received by the Fund and/or Bank from the Security Council under Article VI par. 1 shall be communicated immediately to the Board of Governors."

The Committee determined to recommend that the Board of Governors approve the proposed agreement.

Therefore, in the name of the Joint Committee on Liaison, I have the honor to recommend to the Board of Governors the adoption of the following resolution:

"RESOLVED that the Board of Governors of the International Bank for Reconstruction and Development hereby approves the terms and conditions of the form of agreement between the
United Nations and the Bank, presented by the Executive Directors to the Board of Governors at its Second Annual Meeting."

Approved:

G. A. BLOWERS
Chairman
(Ethiopia)

EMILIO TORO
Reporting Member
(Colombia)

This report was approved by the Board of Governors at the Fourth Session, September 16, 1947.
The above Resolution, No. 24 of the Board of Governors, appears on page 21.
REPORT OF COMMITTEE ON ADVISORY COUNCIL

September 16, 1947

Chairman: ..................................... DENMARK
Vice-Chairman: ..................................... CUBA
Reporting Member: .............................. EGYPT
Other Members: AUSTRALIA, BRAZIL, CANADA, CHINA, COLOMBIA, 
ETHIOPIA, FRANCE, INDIA, LIBANON, MEXICO, NORWAY, PERU, 
UNITED KINGDOM, UNITED STATES, AND YUGOSLAVIA.

Mr. Chairman:

I have the honor to report the recommendations of the Committee on Advisory Council with 
respect to the selection of the Advisory Council of the Bank. This Committee met at 4:30 p.m. on 
Monday, September 15, 1947, in Committee Room B, Institution of Civil Engineers.

The Committee considered the problem of selecting the members of the Advisory Council 
provided for in section 6 of Article V of the Articles of Agreement.

At the Inaugural Meeting of the Board of Governors at Savannah, the Board by Resolution 
No. 5 requested the Executive Directors to examine the problems relating to the selection of the 
Advisory Council and to make recommendations to the Board for its consideration at the First 
Annual Meeting. Pursuant to Resolution No. 5, the Executive Directors prepared a report to the 
Board containing recommendations with respect to the establishment and selection of the Advisory 
Council. The Board at the First Annual Meeting adopted these recommendations and requested the 
Executive Directors to take the necessary steps for compiling, obtaining and preparing the panels of 
names and recommendations for submission to the Board of Governors in time for the next annual 
meeting of the Board. In accordance with this request, the Executive Directors have submitted to 
the Board for consideration at this Meeting a report recommending a slate of names to fill the nine 
positions on the Advisory Council. Alternative suggestions for most of the positions were also 
submitted.

The report submitted by the Executive Directors for consideration at this Meeting also includes 
recommendations with respect to the filling of vacancies on the Advisory Council and the 
arrainging of the time, place and agenda of the first meeting of the Council.

The Committee considered the report of the Executive Directors and, in addition, a proposal, 
which was made at the meeting of the Committee, that the number of members of the Advisory 
Council be increased.

After discussion, the Committee decided to recommend to the Board of Governors the approval 
of the report of the Executive Directors and also an increase in the number of members of the Advisory 
Council from nine to ten, the additional member to be selected as soon as possible in accordance with 
the procedure followed in the case of the other nine members of the Council.

In the name of the Committee on Advisory Council I have the honor to move the approval of the 
recommendations contained in the report of the Executive Directors and in this report, and the 
adoption of the draft resolution attached hereto.

Approved:

C. V. BRAMSNAAES Ahmed Zaki Bey Saad
Chairman Reporting Member
(Denmark) (Egypt)

This report was approved by the Board of Governors at the Fourth Session, 
September 16, 1947.
The resolution mentioned in the above report appears as Resolution 25 of the 
Board of Governors on page 21.
RESOLUTIONS ADOPTED BY THE BOARD OF GOVERNORS

Resolution No. 18
Terms and Conditions on which Australia shall be admitted to Membership in the Bank

RESOLVED:
(1) THAT the Board of Governors hereby approves the admission of the Commonwealth of Australia to membership in the International Bank for Reconstruction and Development under Article II, Section 1(b) of the Articles of Agreement on the same terms and conditions as those prescribed for original members;
(2) THAT by accepting such membership Australia shall subscribe for 2,000 shares of the capital stock of the Bank at the par value of $100,000 per share;
(3) THAT when Australia becomes a member it shall pay to the Bank the same percentage of its subscription as original members shall have theretofore been required to pay on their subscriptions and shall agree to comply fully with all other calls for payments on subscriptions which shall have been made or announced by the Bank and which are payable thereafter;
(4) Australia may accept membership in the Bank pursuant to this resolution until August 31, 1947.

Upon the application for membership of the Commonwealth of Australia, on March 26, 1947, the above resolution was adopted by the Board of Governors on May 17, 1947, in a vote without meeting pursuant to Section 13 of the By-Laws of the Bank.

Resolution No. 19
Financial Statements

RESOLVED:
THAT the Board of Governors consider the Financial Statements, Auditors' Report and Administrative Budget, included as exhibits "A" to "G", inclusive, of the Second Annual Report, as fulfilling the requirements of Article V, Section 13, of the Articles of Agreement and of Section 19 of the By-Laws.

Resolution No. 20
Terms and Conditions on which Finland shall be admitted to Membership in the Bank

WHEREAS, the Government of the Republic of Finland has applied for admission to membership in the International Bank for Reconstruction and Development in accordance with Section 1 (b) of Article II of the Articles of Agreement of the Bank; and
WHEREAS, pursuant to Section 20 of the By-Laws of the Bank, the Executive Directors, after consultation with representatives of the Government of the Republic of Finland, have made recommendations to the Board of Governors with regard to the application of said Government for admission to membership in the Bank;
NOW, THEREFORE, the Board of Governors having considered the recommendations of the Executive Directors hereby RESOLVES:
THAT the terms and conditions upon which the Government of the Republic of Finland shall be admitted to membership in the Bank shall be as follows:

1. Definitions: As used in this resolution:
(a) The term "Finland" means the Government of the Republic of Finland.
(b) The term "Bank" means International Bank for Reconstruction and Development.
(c) The term "Articles" means the Articles of Agreement of the Bank.
(d) The term "dollars" or "$" means United States dollars of the weight and fineness in effect on July 1, 1944.
(e) The term "subscription" means the capital stock of the Bank subscribed to by a member.

(f) The term "member" means member of the Bank.

2. *Membership in the Fund:* Before accepting membership in the Bank, Finland shall accept membership in and become a member of the International Monetary Fund.

3. *Subscription:* By accepting membership in the Bank, Finland shall subscribe to 380 shares of the capital stock of the Bank at the par value of $100,000 per share.

4. *Payments on Subscription:*
   (a) On the date on which Finland becomes a member, Finland shall pay to the Bank:
      (i) Gold or United States dollars equal to 2% of its subscription, without any right to postpone payment of any part thereof under Section 8 (a) of Article II of the Articles; and
      (ii) An amount in the currency of Finland, which at the appropriate prevailing exchange rate, shall be equal in value to 18% of its subscription.
   (b) Finland shall agree also to comply fully with all other calls for payments on subscriptions which shall have been made or announced by the Bank as of the date it becomes a member of the Bank and which are payable after that date.
   (c) Finland shall further agree that if it tenders any part of the payment called for in (a) (i) above in gold, the Bank shall have the right to reject any such gold which, in its opinion, may not be sold freely and unconditionally by the Bank to members requiring certification or other evidence as to the origin of gold purchased by them.

5. *Effective date of Membership:* Finland shall become a member of the Bank, subject to the terms and conditions set forth in this resolution, as of the date when Finland shall have complied with both of the following requirements:
   (a) Finland shall deposit with the Government of the United States of America an instrument stating that it has accepted in accordance with its law the Articles and all the terms and conditions prescribed in this resolution, and that it has taken all steps necessary to enable it to carry out all its obligations under the Articles and this resolution; and
   (b) Finland shall sign the original copy of the Articles held in the Archives of the Government of the United States of America.

6. *Limitation on Period for Acceptance of Membership:* Finland may accept membership in the Bank pursuant to this resolution until March 15, 1948.

**Resolution No. 21**

Increase in the Subscription of Iran to the Capital Stock of the Bank

RESOLVED:

THAT, pursuant to Article II, Section 3(b) of the Articles of Agreement of the Bank, the Board of Governors hereby authorizes the acceptance by the Bank of the subscription of Iran to 96 shares of the capital stock of the Bank at the subscription price of $100,000 per share, in addition to the 240 shares of said capital stock heretofore subscribed by Iran, upon the following conditions:

(a) That such subscription shall be received by the Bank on or before March 31, 1948;
(b) That, within 30 days after the date on which such subscription shall be accepted by the Bank, Iran shall pay to the Bank, on account of the subscription price of each such additional share, two percent in gold or United States dollars and eighteen percent in currency of Iran.

**Resolution No. 22**

Increase in the Subscription of Egypt to the Capital Stock of the Bank

RESOLVED:

THAT, pursuant to Article II, Section 3(b) of the Articles of Agreement of the Bank, the Board of Governors hereby authorizes the acceptance by the Bank of the subscription of Egypt...
to 133 shares of the capital stock of the Bank at the subscription price of $100,000 per share, in addition to the 400 shares of said capital stock heretofore subscribed by Egypt, upon the following conditions:

(a) That such subscription shall be received by the Bank on or before March 31, 1948;
(b) That, within 30 days after the date on which such subscription shall be accepted by the Bank, Egypt shall pay to the Bank, on account of the subscription price of each such additional share, two percent in gold or United States dollars and eighteen percent in currency of Egypt.

Resolution No. 23
Election of an Additional Executive Director

RESOLVED:
THERE shall be one additional Executive Director who shall hold office from his election until the second election of Executive Directors. Those members as of December 31, 1947, who are not entitled to appoint Directors, and whose votes are not entitled to be cast by Directors holding office, shall participate in the election, which shall be held at such time after December 31, 1947, as the Executive Directors shall determine. Each Governor participating shall cast for one person all of the votes to which he is entitled, and a simple majority of the votes cast shall constitute election, but the Director elected shall be deemed to be elected by all of the members eligible to participate. If no one receives a majority of the votes cast on the first ballot, additional ballots shall be held, and the candidate who received the lowest number of votes on the preceding ballot shall be ineligible for election.

Resolution No. 24
Agreement between the United Nations and the Bank

RESOLVED:
THAT the Board of Governors of the International Bank for Reconstruction and Development hereby approves the terms and conditions of the form of agreement between the United Nations and the Bank, presented by the Executive Directors to the Board of Governors at its Second Annual Meeting.

For text of the Agreement, see page 25.

Resolution No. 25
Selection of the Advisory Council

WHEREAS, Section 6 of Article V of the Articles of Agreement provides for an Advisory Council of the Bank; and

WHEREAS, pursuant to the request of the Board of Governors, the Executive Directors have submitted their recommendations with regard to the selection of members of the Advisory Council;

NOW, THEREFORE, the Board of Governors, having considered the recommendations of the Executive Directors, hereby RESOLVES:

THAT the following nine persons representing the indicated interests are selected as members of the Advisory Council of the Bank, to serve as councillors thereon for a period of two years from the date of the adoption of this Resolution:

<table>
<thead>
<tr>
<th>Name</th>
<th>Nationality</th>
<th>Representation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sir Arthur Salter</td>
<td>United Kingdom</td>
<td>Chairman</td>
</tr>
<tr>
<td>Edward E. Brown</td>
<td>United States</td>
<td>Banking</td>
</tr>
<tr>
<td>Herbert Hoover</td>
<td>United States</td>
<td>Commerce</td>
</tr>
<tr>
<td>R. Dickson Harkness</td>
<td>Canada</td>
<td>Industry</td>
</tr>
<tr>
<td>Leon Jouhaux</td>
<td>France</td>
<td>Labor</td>
</tr>
<tr>
<td>Pedro Beltran</td>
<td>Peru</td>
<td>Agriculture</td>
</tr>
<tr>
<td>Sir C. V. Raman</td>
<td>India</td>
<td>Science</td>
</tr>
<tr>
<td>Lionel Robbins</td>
<td>United Kingdom</td>
<td>Economist</td>
</tr>
<tr>
<td>S. K. Alfred Sze</td>
<td>China</td>
<td>Other Activities</td>
</tr>
</tbody>
</table>
THAT the number of members of the Advisory Council be ten, the additional member to be selected as soon as possible in accordance with the procedure followed in the case of the other nine.

THAT in the event of any vacancy on the Advisory Council, the Executive Directors shall submit to the Board of Governors their recommendation with regard to the filling of such vacancy.

THAT the President and the Secretary of the Bank are hereby authorized to arrange, in consultation with the Chairman of the Advisory Council, the time, place and agenda of the first meeting of the Advisory Council.

Resolutions 19-25 were adopted by the Board of Governors at the Fourth Session,
September 16, 1947

Resolution No. 26
Site of Third Annual Meeting

RESOLVED:
THAT the Chairman shall convene the Third Annual Meeting of the Board of Governors of the International Bank for Reconstruction and Development in Washington, D. C., in the month of September, 1948.

Resolution No. 27
Election of Officers of Board
of Governors for 1947-1948

RESOLVED:
THAT the Governor of China is hereby elected Chairman, and the Governors of France, India, the United Kingdom and the United States are hereby elected Vice-Chairmen of the Board of Governors of the International Bank for Reconstruction and Development, to hold their respective offices until the election of officers of the International Bank for Reconstruction and Development takes place at the close of the next annual meeting.

Resolution No. 28
Composition of Procedures Committee
until close of Third Annual Meeting

RESOLVED:
THAT a Procedures Committee be hereby established, to be available after the termination of this Meeting, and until the election of officers of the International Bank for Reconstruction and Development takes place at the next annual meeting, for consultation at the discretion of the Chairman, normally by correspondence, and also, if occasion requires, by convening immediately before the annual meeting of the Board. The Procedures Committee shall consist of the Governors of the following members:

Australia, China, Colombia, Denmark, France, India, Italy, Peru, Poland, Turkey, the United Kingdom and the United States.

The Chairman, Vice-Chairman and Reporting Member shall be the Governors of China, France and Colombia, respectively.

Resolutions 26-28 were adopted by the Board of Governors at the Fifth Session,
(Joint), September 17, 1947.
PROPOSED ELECTION OF A FOURTEENTH EXECUTIVE DIRECTOR

REPORT OF THE EXECUTIVE DIRECTORS TO THE BOARD OF GOVERNORS, AT THE SECOND ANNUAL MEETING

I

1. Resolution No. 10, adopted at the Inaugural Meeting of the Board of Governors in March, 1946, provided for the election of an additional Executive Director when both of the following conditions should exist, namely:

"(a) There have been admitted to membership the Governments of one or more countries not listed on Schedule A; and

(b) The members not entitled to appoint Executive Directors, whose votes are not included in those entitled to be cast by Executive Directors holding office at the time the additional Director is elected, have votes totalling 4,000."

2. Pursuant to Resolution No. 10 an election of an additional Executive Director was ordered by resolution of the Executive Directors adopted on August 6, 1947. Such resolution provided that the following members should be eligible to vote in such election: Colombia, Denmark, Italy, Turkey and Venezuela. Although Syria, Lebanon and Australia had become members of the Bank prior to the adoption of such resolution, they were not eligible to vote in such election. Accordingly those three countries, having an aggregate of 2,860 votes, are not represented by any Executive Director. Applications for membership have also been received from Finland and Austria. The application of Finland will be presented to the Board of Governors at its Second Annual Meeting. The application of Austria is under consideration by the Executive Directors. If the recommendation of the Executive Directors regarding Finland shall be adopted by the Board of Governors, Finland, upon acceptance of membership, will have 630 votes.

3. There is thus presented a special situation in which one group of members which accepted membership in the Bank subsequent to the first regular election of Executive Directors is represented in the Executive Directors and another group of members which also accepted membership in the Bank after the first regular election of Executive Directors is not so represented. The Executive Directors believe that it would conduce to the more effective operation of the Bank if such second group of members could be represented by an additional Executive Director pending the second regular election of Executive Directors.

4. For that reason the Executive Directors recommend to the Board of Governors the election of an additional temporary Executive Director, such election to be held at such time after December 31, 1947, as the Executive Directors shall determine and the members eligible to vote in such election to be those members whose votes are not included among the votes which can be cast by an Executive Director in office on December 31, 1947. A draft resolution to provide for such election is attached to this report.*

II

5. As is above stated, the Executive Directors believe that such election is desirable in view of the special circumstances referred to above. They have found from experience, however, that the holding of such special elections between regular general elections gives rise to difficult administrative problems. For that reason they are of the opinion that after such election no further interim elections should be held.

6. If in the future additional new members should join the Bank between regular elections, arrangements can be made whereby in the interim such members can be represented, but without vote, by an Executive Director then in office.

III

7. All the members of the Bank will, of course, be entitled to vote in the second regular election of Executive Directors to be held in 1948. In order that they may have adequate opportunity

* Draft resolution omitted. The Resolution, No. 23 of the Board of Governors, appears on page 21.
to consider and determine how they shall vote, they should know well in advance of the election the number of Executive Directors to be elected.

8. The number of Executive Directors was originally fixed at 12 after due consideration of the necessity for having fair representation of members without having an unwieldy Board. The Executive Directors believe that there has not been any change of circumstances since the Bretton Woods Conference such as to call for any reconsideration of that determination.

9. The decision made at Bretton Woods was based on the expectation that all of the 45 countries listed in Schedule A (including Denmark whose subscription was not fixed until the Inaugural Meeting of the Board of Governors) would accept membership in the Bank. If that had in fact happened, the situation would have been as follows:

(a) The aggregate votes of the 45 Schedule A countries would have been 102,930, of which 68,500 votes would have been allotted to countries (United States, United Kingdom, Soviet Union, China and France) entitled to appoint Executive Directors and 34,430 votes would have been allotted to the remaining countries which would have been entitled to participate in the election of the seven elective Executive Directors; and

(b) The number of votes required to elect an Executive Director on the first ballot would have been 4,820, being 14% of 34,430.

10. The actual number of votes cast in the first election of Executive Directors at Savannah in March, 1946, was 24,770 and the number of votes necessary to elect on the first ballot was only 3,468.

11. At present, even with the countries which have become members of the Bank since the first regular election, the total number of votes of all members of the Bank at the date of this report* is only 93,501, as compared with 102,930 under Schedule A (that is, if all Schedule A countries and only Schedule A countries had joined the Bank); the total number of votes of members entitled to vote for elective Directors is only 32,251, as compared with 34,430 under Schedule A; and the number of votes required for election on the first ballot is 4,515 as compared with 4,820 under Schedule A.

12. Thus, on the basis of facts presently known, it appears unlikely that, at the 1948 election, the minimum number of votes required to elect an elective Executive Director will be as large as was originally contemplated at Bretton Woods.

13. Accordingly, the Executive Directors recommend that the number of Executive Directors to be elected at the second regular election of Executive Directors be seven.

* Including the increase of six shares in Paraguay’s subscription which has been authorized and on which initial payment has been received.

This Report was approved by the Board of Governors, Fourth Session, September 16, 1947.

See also the Report of Committee on Rules and Regulations on page 15.
TEXT OF AGREEMENT BETWEEN THE UNITED NATIONS AND THE BANK

ARTICLE I
GENERAL

1. This Agreement, which is entered into by the United Nations pursuant to the provisions of Article 63 of its Charter, and by the International Bank for Reconstruction and Development (hereinafter called the Bank) pursuant to the provisions of Section 8 (a) of Article V of its Articles of Agreement, is intended to define the terms on which the United Nations and the Bank shall be brought into relationship.

2. The Bank is a specialized agency established by agreement among its member governments and having wide international responsibilities, as defined in its Articles of Agreement, in economic and related fields within the meaning of Article 57 of the Charter of the United Nations. By reason of the nature of its international responsibilities and the terms of its Articles of Agreement, the Bank is, and is required to function as, an independent international organization.

3. The United Nations and the Bank are subject to certain necessary limitations for the safeguarding of confidential material furnished to them by their members or others, and nothing in this Agreement shall be construed to require either of them to furnish any information the furnishing of which would, in its judgment, constitute a violation of the confidence of any of its members or anyone from whom it shall have received such information, or which would otherwise interfere with the orderly conduct of its operations.

ARTICLE II
RECIPROCAL REPRESENTATION

1. Representatives of the United Nations shall be entitled to attend, and to participate without vote in, meetings of the Board of Governors of the Bank. Representatives of the United Nations shall be invited to participate without vote in meetings especially called by the Bank for the particular purpose of considering the United Nations point of view in matters of concern to the United Nations.

2. Representatives of the Bank shall be entitled to attend meetings of the General Assembly of the United Nations for purposes of consultation.

3. Representatives of the Bank shall be entitled to attend, and to participate without vote in, meetings of the committees of the General Assembly, meetings of the Economic and Social Council, of the Trusteeship Council and of their respective subsidiary bodies, dealing with matters in which the Bank has an interest.

4. Sufficient advance notice of these meetings and their Agenda shall be given so that, in consultation, arrangements can be made for adequate representation.

ARTICLE III
PROPOSAL OF AGENDA ITEMS

In preparing the agenda for meetings of the Board of Governors, the Bank will give due consideration to the inclusion on the agenda of items proposed by the United Nations. Similarly, the Council and its Commissions and the Trusteeship Council will give due consideration to the inclusion on their agenda of items proposed by the Bank.

ARTICLE IV
CONSULTATION AND RECOMMENDATIONS

1. The United Nations and the Bank shall consult together and exchange views on matters of mutual interest.

2. Neither organization, nor any of their subsidiary bodies, will present any formal recommendations to the other without reasonable prior consultation with regard thereto. Any formal recommendations made by either organization after such consultation will be considered as soon as possible by the appropriate organ of the other.

3. The United Nations recognizes that the action to be taken by the Bank on any loan is a matter to be determined by the independent exercise of the Bank’s own judgment in accordance with the Bank’s Articles of Agreement.
The United Nations recognizes, therefore, that it would be sound policy to refrain from making recommendations to the Bank with respect to particular loans or with respect to terms or conditions of financing by the Bank. The Bank recognizes that the United Nations and its organs may appropriately make recommendations with respect to the technical aspects of reconstruction or development plans, programs or projects.

ARTICLE V
EXCHANGE OF INFORMATION

The United Nations and the Bank will, to the fullest extent practicable and subject to paragraph 3 of Article I, arrange for the current exchange of information and publications of mutual interest, and the furnishing of special reports and studies upon request.

ARTICLE VI
SECURITY COUNCIL

1. The Bank takes note of the obligation assumed, under paragraph 2 of Article 48 of the United Nations Charter, by such of its members as are also members of the United Nations, to carry out the decisions of the Security Council through their action in the appropriate specialized agencies of which they are members, and will, in the conduct of its activities, have due regard for decisions of the Security Council under Articles 41 and 42 of the United Nations Charter.

2. The Bank agrees to assist the Security Council by furnishing to it information in accordance with the provisions of Article V of this Agreement.

ARTICLE VII
ASSISTANCE TO THE TRUSTEESHIP COUNCIL

The Bank agrees to co-operate with the Trusteeship Council in the carrying out of its functions by furnishing information and technical assistance upon request and in such other similar ways as may be consistent with the Articles of Agreement of the Bank.

ARTICLE VIII
INTERNATIONAL COURT OF JUSTICE

The General Assembly of the United Nations hereby authorizes the Bank to request advisory opinions of the International Court of Justice on any legal questions arising within the scope of the Bank’s activities other than questions relating to the relationship between the Bank and the United Nations or any specialized agency. Whenever the Bank shall request the Court for an advisory opinion, the Bank will inform the Economic and Social Council of the request.

ARTICLE IX
STATISTICAL SERVICES

1. In the interests of efficiency and for the purpose of reducing the burden on national governments and other organizations, the United Nations and the Bank agree to co-operate in eliminating unnecessary duplication in the collection, analysis, publication and dissemination of statistical information.

2. The Bank recognizes the United Nations as the central agency for the collection, analysis, publication, standardization and improvement of statistics serving the general purposes of international organizations, without prejudice to the right of the Bank to concern itself with any statistics so far as they may be essential for its own purposes.

3. The United Nations recognizes the Bank as the appropriate agency for the collection, analysis, publication, standardization and improvement of statistics within its special sphere, without prejudice to the right of the United Nations to concern itself with any statistics so far as they may be essential for its own purposes.

4. (a) In its statistical activities the Bank agrees to give full consideration to the
requirements of the United Nations and of the specialized agencies.
(b) In its statistical activities the United Nations agrees to give full consideration to the requirements of the Bank.
5. The United Nations and the Bank agree to furnish each other promptly with all their non-confidential statistical information.

**ARTICLE X**

**ADMINISTRATIVE RELATIONSHIPS**

1. The United Nations and the Bank will consult from time to time concerning personnel and other administrative matters of mutual interest with a view to securing as much uniformity in these matters as they shall find practicable and to assuring the most efficient use of the services and facilities of the two organizations. These consultations shall include determination of the most equitable manner in which special services furnished by one organization to the other should be financed.

2. To the extent consistent with the provisions of this Agreement, the Bank will participate in the work of the Co-ordination Committee and its subsidiary bodies.

3. The Bank will furnish to the United Nations copies of the annual report and the quarterly financial statements prepared by the Bank pursuant to Section 13 (a) of Article V of its Articles of Agreement. The United Nations agrees that, in the interpretation of paragraph 3 of Article 17 of the United Nations Charter it will take into consideration that the Bank does not rely for its annual budget upon contributions from its members, and that the appropriate authorities of the Bank enjoy full autonomy in deciding the form and content of such budget.

4. The officials of the Bank shall have the right to use the laissez-passer of the United Nations in accordance with special arrangements to be negotiated between the Secretary-General of the United Nations and the competent authorities of the Bank.

5. The United Nations and the Bank agree to give full consideration to the requirements of the Bank.

**ARTICLE XI**

**AGREEMENTS WITH OTHER ORGANIZATIONS**

The Bank will inform the Economic and Social Council of any formal agreement which the Bank shall enter into with any specialized agency and in particular agrees to inform the Council of the nature and scope of any such agreement before it is concluded.

**ARTICLE XII**

**LIAISON**

1. The United Nations and the Bank agree to the foregoing provisions in the belief that they will contribute to the maintenance of effective co-operation between the two organizations. Each agrees that it will establish within its own organization such administrative machinery as may be necessary to make the liaison, as provided for in this Agreement, fully effective.

2. The arrangements provided for in the foregoing Articles of this Agreement shall be in force as far as appropriate to relations between such branch or regional offices as may be established by the two organizations, as well as between their central machinery.

**ARTICLE XIII**

**MISCELLANEOUS**

1. The Secretary-General of the United Nations and the President of the Bank are authorized to make such supplementary arrangements as they shall deem necessary or proper to carry fully into effect the purposes of this Agreement.

2. This Agreement shall be subject to revision by agreement between the United Nations and the Bank from the date of its entry into force.

3. This Agreement may be terminated by either party thereto on six months written notice to the other party and thereupon all rights and obligations of both parties hereunder shall cease.

4. This Agreement shall come into force when it shall have been approved by the General Assembly of the United Nations and the Board of Governors of the Bank.

This Agreement was approved by the Board of Governors, Fourth Session, September 16, 1947. The Report of the Joint Committee on Liaison appears on page 16.
GOVERNORS AND ALTERNATES OF THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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* Died October 27, 1947.
OFFICERS OF THE BOARD OF GOVERNORS
AND PROCEDURES COMMITTEE, 1947-48

OFFICERS

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Vice-Chairmen .................................................. FRANCE
INDIA
UNITED KINGDOM
UNITED STATES

PROCEDURES COMMITTEE

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Vice-Chairman .................................................. FRANCE
Reporting Member ............................................ COLOMBIA
Members ......................................................... AUSTRALIA
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POLAND
TURKEY
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