

## Report by Commission III on financial and monetary cooperation (21 July 1944)

**Caption:** On 21 July 1944, during the Bretton Woods Conference, the report by Commission III outlines measures to strengthen international financial and monetary cooperation.

**Source:** Departement of State (Ed.). United Nations Monetary and Financial Conference: Bretton Woods, Final act and related documents, New Hampshire, July 1 to July 22, 1944. Washington: United States Government Printing Office, 1944. 121 p.

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## Report of Commission III (Other Measures for International Monetary and Financial Cooperation) to the Executive Plenary Session (July 21, 1944)

**Reporting Delegate: Edward C. Fussell, New Zealand**

MR. PRESIDENT:

It is my privilege to report to the Conference on the proceedings of Commission III, which was set up by the Conference at its second plenary session on July 3, to examine any proposals which might be submitted regarding other means of international financial cooperation.

The work of Commission III, unlike that of Commissions I and II, did not represent the culmination of an organized body of preparatory work during a long period before this Conference was convened. Nevertheless the proposals examined by Commission III represent the views of people who had given long and careful thought to the subject-matter of their recommendations.

Furthermore, there was no limit to the number and variety of proposals which could conceivably have been submitted within the Commission's terms of reference; it is therefore a fine tribute to the wisdom and sense of proportion of every delegation that it was found possible to group the proposals under three main headings, to which I shall refer presently.

The Commission has held three sessions under the most excellent chairmanship of the Honorable Eduardo Suárez, Minister of Finance of Mexico, chairman of the Mexican delegation. Though entire unanimity on all points was naturally not to be expected, it was largely due to his leadership and impartiality that the work of Commission III was brought so harmoniously to its successful conclusion. In saying this I am confident that I am expressing the feeling of every member of the Commission.

In order to provide a basis for the Commission's work an Agenda Committee was appointed at the first meeting of the Commission on July 3 to consider the suggestions received and make recommendations as to the problems which should be dealt with by the Commission. During the ensuing week 15 proposals were received by the Agenda Committee. On examination it was found that these proposals related to three general fields of interest:

*Firstly* — “The Use of Silver for International Monetary Purposes”

*Secondly* — “Enemy Assets, Looted Property, and Related Matters”

*Thirdly* — “Recommendations on Economic and Financial Policy. The Exchange of Information, and Other Means of Financial Cooperation”

Accordingly three *ad hoc* committees were appointed to consider the proposals and make recommendations to the Commission.

At its final meeting the findings of the Commission in respect of the reports of the three committees which I have already named were as follows:

(i) *The Commission adopted the report of Committee 1 on “The Use of Silver for International Monetary Purposes” and recommended that the following statement be included in the Final Act:*

“The problems confronting some nations as a result of the wide fluctuation in the value of silver were the

subject of serious discussion in Commission III. Due to the shortage of time, the magnitude of the other problems on the agenda, and other limiting considerations, it was impossible to give sufficient attention to this problem at this time in order to make definite recommendations. However, it was the sense of Commission III that the subject should merit further study by the interested nations.”

(ii) *The Commission adopted two measures placed before it by Committee 2 under the heading of “Enemy Assets, Looted Property, and Related Matters”.*

The one is a recommendation reading as follows:

“The United Nations Monetary and Financial Conference recommends the liquidation of the Bank for International Settlements at the earliest possible moment.”

The other is a resolution relating to Enemy Assets and Looted Property, and this was adopted in principle and a drafting committee was appointed to make certain language changes and empowered to prepare a resolution for presentation to the Plenary Session of the Conference. The resolution as submitted by the drafting committee reads as follows:

#### WHEREAS

In anticipation of their impending defeat, enemy leaders, enemy nationals and their collaborators are transferring assets to and through neutral countries in order to conceal them and to perpetuate their influence, power, and ability to plan future aggrandizement and world domination thus jeopardizing the efforts of the United Nations to establish and permanently maintain peaceful international relations;

#### WHEREAS

Enemy countries and their nationals have taken the property of occupied countries and their nationals by open looting and plunder, by forcing transfers under duress, as well as by subtle and complex devices, often operated through the agency of their puppet governments, to give the cloak of legality to their robbery and to secure ownership and control of important enterprises in the post-war period;

#### WHEREAS

Enemy countries and their nationals have also, through sales and other methods of transfer, run the chain of their ownership and control through occupied and neutral countries, thus making the problem of disclosure and disentanglement one of international character;

#### WHEREAS

The United Nations have declared their intention to do their utmost to defeat the methods of dispossession practiced by the enemy, have reserved their right to declare invalid any transfers of property belonging to persons within occupied territory, and have taken measures to protect and safeguard property, within their respective jurisdictions, owned by occupied countries and their nationals, as well as to prevent the disposal of looted property in United Nations markets;

#### THEREFORE

It is resolved that, in recognition of these considerations, the United Nations Monetary and Financial Conference

I. Takes note of and fully supports steps taken by the United Nations for the purpose of

(a) uncovering, segregating, controlling, and making appropriate disposition of enemy assets;

(b) preventing the liquidation of property looted by the enemy, locating and tracing ownership and control of such looted property, and taking appropriate measures with a view to its restoration to its lawful owners.

II. Recommends that all Governments of countries represented at this Conference take action consistent with their relations with the countries at war to call upon the Governments of neutral countries

(a) to take immediate measures to prevent any disposition or transfer within territories subject to their jurisdiction of any

(1) assets belonging to the Government or any individuals or institutions within those United Nations occupied by the enemy; and

(2) looted gold, currency, art objects, securities, other evidences of ownership in financial or business enterprises, and of other assets looted by the enemy;

as well as to uncover, segregate and hold at the disposition of the post-liberation authorities in the appropriate country any such assets within territory subject to their jurisdiction.

(b) to take immediate measures to prevent the concealment by fraudulent means or otherwise within countries subject to their jurisdiction of any

(1) assets belonging to, or alleged to belong to, the Government or any individuals or institutions within enemy countries;

(2) assets belonging to, or alleged to belong to, enemy leaders, their associates and collaborators, and

to facilitate their ultimate delivery to the post-armistice authorities.

(iii) *The Commission adopted the report of Committee 3 on “Economic and Financial Policies, Exchange of Information, and Other Means of Financial Cooperation.”*

Of the matters considered by Committee 3 two were subject to specific discussion and vote by the Commission.

The first was a resolution combining the proposals submitted by Bolivia, Brazil, Chile, Cuba, and Peru. The text of the resolution, which was adopted by the Commission, is as follows:

WHEREAS

In Article I of the Articles of Agreement of the International Monetary Fund it is stated that one of the principal purposes of the Fund is to facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members as primary objectives of economic policy;

## WHEREAS

It is recognized that the complete attainment of this and other purposes and objectives stated in the Agreement cannot be achieved through the instrumentality of the Fund alone;

## THEREFORE

The United Nations Monetary and Financial Conference recommends to the participating Governments that, in addition to implementing the specific monetary and financial measures which were the subject of this Conference, they seek, with a view to creating in the field of international economic relations conditions necessary for the attainment of the purposes of the Fund and of the broader primary objectives of economic policy, to reach agreement as soon as possible on ways and means whereby they may best:

- (1) reduce obstacles to international trade and in other ways promote mutually advantageous international commercial relations;
- (2) bring about the orderly marketing of staple commodities at prices fair to the producer and consumer alike;
- (3) deal with the special problems of international concern which will arise from the cessation of production for war purposes; and
- (4) facilitate by cooperative effort the harmonization of national policies of Member states designed to promote and maintain high levels of employment and progressively rising standards of living.

The second matter voted on was a resolution introduced by the Australian delegation recommending that the governments invited to accept the International Monetary Agreement be invited to enter, at the same time, into an undertaking to maintain high levels of employment in their respective countries. A motion for adoption of the Australian resolution was defeated.

I cannot end this report without placing on record the value of the ready help so willingly given to the Commission and its committees by the Secretariat. I should like also to pay a tribute to the consistently high standard of performance of the officers and personnel of the committees, notably Mr. Orvis A. Schmidt, who was Secretary not only of the committees, but also of Commission III.

To conclude this report, and in order to place the deliberations of Commission III in perspective, I should like to say that they are supplementary to the reports of Commissions I and II, but in common with the work of those Commissions they deal with financial measures which do not by any means exhaust the efforts and endeavors which must be made in bringing to fruition a grand scheme of world prosperity.