

### INAUGURATION OF THE FUND

The provisions relating to the entry into force of the Monetary Fund Agreement and the inauguration of the Fund are contained in Article XX. Briefly, the Agreement will enter into force when it is signed on behalf of Governments having 65 per cent. of the total quotas, but in any event not before 1st May, 1945.

As soon as practicable after these requirements have been complied with each member shall appoint a Governor, and the member having the largest quota shall call the first meeting of the Board of Governors.

### (d) INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

The Bank proposal arose out of the realization that, after taking into account all the functions that could be expected of an organization such as the Monetary Fund, there would still remain an important post-war financial need not provided for.

That need, as the name of the proposed Bank implies, is to provide, or to encourage the provision of, capital for the reconstruction of economies destroyed or disrupted by the war, as well as for the fuller development of countries which have not within their own borders the wherewithal to undertake such development without external aid.

In carrying out these functions such an institution as the proposed Bank should be able to make a twofold contribution to post-war prosperity. It should be able to contribute not only to the promotion of a balanced growth, both of the domestic economies of members and of their international trade, but also to a smooth transition from a war-time to a peace-time economy.

To enable the Bank to perform these services, while at the same time preserving the soundness and liquidity of its own position, it would be needful for it, firstly, to have adequate reserves, both actual and potential, and, secondly, to take all reasonable precautions when granting or guaranteeing loans.

### CAPITAL OF THE BANK, AND MEMBERS' SUBSCRIPTIONS FOR SHARES

It is proposed that the authorized capital of the Bank should be 10 billion dollars, though the aggregate of the minimum quotas allocated to the nations participating in the Conference is limited to 9·1 billion dollars. The difference of 900 million dollars represents a margin to cover—

(a) Any subscriptions which may be made in excess of the minimum quotas allocated.

(b) Subscriptions from countries, not represented at the Conference, which later on may wish to become members of the Bank.

New Zealand's quota for the Bank is the same as for the Fund—namely, £(N.Z.) 15,625,000. Some countries (notably the U.S.A.) agreed to higher quotas, while it was arranged on behalf of some other countries that their Bank quota should be less than their Fund quota.

In this connection it should be mentioned that, whereas in the case of the Fund the more common tendency was to desire that the quota should be larger than the amount allocated, in the case of the Bank the opposite tendency was evident.

The main reason for this was that the size of its Fund quota determines the amount of assistance that can be received by a member country, while the size of its Bank quota determines the amount of responsibility to be accepted by the member country.

An important distinction between the payment of the Fund quota and the payment of the Bank quota is that the former would, except in special circumstances, be paid up in full at the outset, while the latter—that is, the Bank quota—would not be paid up beyond 20 per cent. of each member's allocation unless further calls were required to cover default by borrowers in respect of interest, other charges, or amortisation of debt owing to the Bank.

Should New Zealand become a member of the Bank, the payment of the 20 per cent.—i.e., £(N.Z.) 3,125,000—of the New Zealand quota would be constituted as under:—

	£ (N.Z.)
Gold .. .. .	the equivalent of 312,500
New Zealand currency .. .. .	the equivalent of 2,812,500
Total .. .. .	<u>£3,125,000</u>

Should any further calls prove necessary, member countries would have the following options as to the form in which they would meet such calls:—

(a) In gold; or

(b) In U.S.A. dollars; or

(c) In the currency required to discharge the obligations in respect of which the call was made.