

an excessive preoccupation with the question of how smoothly the machinery turns over at 1818 H Street. The conception of the Fund which we have held is of an institution which is intended to radiate influence throughout the world. We believe that it would help accomplish this if the important trading countries were represented on the Board by operating officials rather than "international civil servants" and that the proposal we have made would enhance the authority of the Managing Director and make it more possible for him to establish direct relations with the responsible national monetary authorities.

The final specific objection made by the Managing Director to the Canadian proposals — that full time Directors provide a necessary background of knowledge for the work of the Board — can be dealt with briefly. It is of course important that the Board should have a thorough knowledge of the Fund and its methods. However it is not necessary to live in Washington to acquire this knowledge, nor should it be forgotten that the Fund has a permanent staff of 400 (apart from 17 Directors, 17 Alternates and 33 Assistants to Directors and Alternates) whose knowledge and experience are available to the Board.

Turning now from Mr. Jacobsson's specific objections to our proposals to his own suggestions, it is unlikely that the proposal to increase the benefits (and possibly the remuneration) of the Executive Directors will commend itself here. The Directors can now go to the countries appointing or electing them on business travel as frequently as they choose, and the current budget provides an item of \$60,000 for such business travel of Executive Directors, apart from a similar amount for appointment and repatriation travel and \$11,000 for home leave travel. Executive Directors have the same home leave privileges as senior members of the staff, and it is difficult to see what justification there is for the Fund to incur additional expenses to pay the fares of Directors' families home for annual holidays on the ground that this will increase the effectiveness of the Fund. If there is a case for greater benefits of this sort it should be made on its own merits.

The Managing Director's proposal to arrange an annual meeting at which senior officials from the Treasuries and central banks of 20 countries would be invited to take part in a three day session of informal discussions of the world payments situation is an interesting one. If other more distant countries feel that such a meeting is likely to be purposeful, and arrange for their Deputy Ministers of Finance and central bank Governors to attend, it is altogether likely that Canada will be willing to do likewise. However, such a meeting seems hardly likely to accomplish the main purposes we have had in mind in putting forward our proposals regarding the Executive Board. This meeting would presumably be attended by in the neighbourhood of 75 people (including Fund staff). The discussions would have to be general in character as they would not be focused on concrete Fund problems, which would necessarily be left to the Executive Board. Having in mind the general character of the discussions, the size of the gathering and the lack of real continuity in meetings held at yearly intervals, there is a real risk that the predominant atmosphere of the meetings would be academic and that the predominant atmosphere of the whole gathering would be social. If this turned out to be the case, the attendance of the senior officials whose presence was desired would of course fall off in subsequent years.

In spite of this uncertainty of success, the idea may well be worth a trial.

While we are appreciative of the consideration the Managing Director has given our proposals, it is apparent from these notes that we do not believe that very convincing reasons have been brought forward why the scheduling of policy meetings of the Executive Directors should not be undertaken, nor that an adequate substitute has been suggested. In his memorandum the Managing Director remarks that "there may be a number of countries who are sufficiently interested in the Canadian proposal to give it a trial". However, most countries would not find it possible to give it a trial unless the Board changed its work