

each February meetings of senior Treasury and Central Bank officials from a limited number of countries to discuss informally the world payments and economic situation, allow personal contacts, etc. There is also a suggestion in the Managing Director's paper that the salaries presently paid to the Executive Directors (\$17,000 per annum net of taxation) may be too low to attract men of the calibre required under the present system of organization.

In any matter relating to the organization and working methods of the Fund it is obvious that the views of the Managing Director must be treated with great consideration, and the organizational arrangements of the Fund must clearly be of a character which carries his judgment. However, Mr. Jacobsson has stressed in his memorandum the tentative nature of his own suggestions, and in view of this and of the apparent failure of the Canadian representatives to make clear what they had in mind in their proposals, it may be helpful to put forward some comments on various points raised by the Managing Director.

In practical terms, the Canadian proposal boils down to a suggestion that the Executive Board of the Fund should schedule meetings a few times a year for the discussion of important policy matters in order to make it possible for those countries who wish to do so to be represented on the Board of Directors who would continue to have operating responsibilities in their own countries. This suggestion is a modest one. It involves nothing more than an informal agreement by the Board that it will try to schedule its business in a certain way. It requires no country to change its present method of representation on the Board. The Canadian Executive Director has discussed the proposal with several Directors and has encountered much support and no opposition.

The Managing Director's objections to the Canadian proposal appear to be

- (a) that it is difficult or impossible to apply the suggestion to Directors who represent more than one country,
- (b) that it is difficult or impossible to distinguish between important and unimportant matters,
- (c) that the influence of the Managing Director would be reduced if there were fewer full time Executive Directors,
- (d) that full time Directors are needed to provide a background of knowledge of the Fund essential to the effectiveness of the Board.

As regards the first of these objections, we have recognized that, even if our proposal were adopted certain countries would wish to continue to be represented by full time Directors, and as indicated above it would be left open to each Director to operate as he saw fit. To accomplish the purposes we have in mind it is not necessary that all Directors become "part-time". Our aim is to help make the Fund a more vital and influential institution, and it would contribute to this result even if only the main trading countries of the world were represented by officials with national operating responsibilities. It is true that practical considerations make it easier to apply the "part-time" system to Directors who represent only one country, but it is not accurate to say that the system is impossible to apply in the case of Directors representing several countries. Mr. Saad, representing 10 countries, operates on that basis; for several years the Canadian Director operated on that basis, representing Iceland and later Norway; and the German Director operated on that basis, representing Yugoslavia. The "other" country or countries represented by a part-time Director may well wish him to be present on those infrequent occasions when a matter of particular importance to it, e.g. a drawing, or a change in its exchange rate, is up for discussion. Even in these cases, however, it would probably make for more realistic and knowledgeable discussion in the Board if the "other" country were represented directly by one of its own officials as it is entitled to be under the Articles of Agreement. This proce-