

After you and Southard had underlined the importance of the U.K.'s policy objectives as set out in paragraph 1, and after a minor change had been made in the text, the Stand-by Agreement was approved with no votes against and Mansour abstaining. He indicated that of his countries, Pakistan, the Philippines and the Lebanon supported the U.K. request; the other countries, Afghanistan, Ethiopia, Iran, Iraq, Jordan and Syria, in addition to Egypt, either wished him to abstain or had not been heard from.

I should perhaps mention the brief exchange which took place in the Board about the "waivers" in the U.S./U.K. and Canada/U.K. Financial Agreements.<sup>8</sup> Harcourt, in his opening statement, said he wished to refer to this matter in order to remove certain misunderstandings which might have arisen from press reports published after the Chancellor's statement in the House of Commons. Harcourt emphasized that it was quite incorrect to refer to the U.K. as having requested a waiver from the United States. The true position was that, provided certain conditions of the Agreement were fulfilled (which he outlined in brief), the U.K. had a positive right to the waiver. However, one of the conditions was incapable of intelligent interpretation. Accordingly, the Secretary of the Treasury had agreed to put the matter to Congress in order to resolve the difficulty. In describing the Canadian agreement, Harcourt indicated that a waiver on our part was mandatory provided the conditions of our Agreement were met and the conditions in the U.S. agreement were also fulfilled. In correcting this statement you said that under our Agreement the waiver would be granted if the conditions of Article 4(a) and (b) were met and if, in addition, interest payments due in a particular year on any credit made available to the Government of the U.K. to which a similar provision for a waiver of interest applied (the U.S. Agreement) were also waived. Harcourt correctly reported the comments of the Minister of Finance in paragraph 4 of his Press Release of December 4.

A copy of the full text† of your statement in the Board is attached.

I am attaching two extra copies of this letter and its enclosures.

Yours sincerely,  
J.W. WARREN

820.

L.R./76-284

*Note du sous-gouverneur de la Banque du Canada*  
*Memorandum by Deputy Governor of Bank of Canada*

[Ottawa], May 31, 1957

MR. JACOBSSON'S COMMENTS ON THE CANADIAN PROPOSALS FOR THE  
ORGANIZATION OF THE WORK OF THE EXECUTIVE BOARD OF THE FUND

In his memorandum of May 8† Mr. Jacobsson expresses his views on the proposals for the organization of the work of the Executive Board of the Fund put forward by Mr. Harris at the Governors' meeting in September 1956. He reaches the conclusion that "there can be no general adoption of the Canadian proposals" and suggests as a possible alternative approach towards improving the functioning of the Fund (a) that the Fund should pay the expenses of Executive Directors and their families for home leave in one of the countries the Director represents every year or every other year, and (b) that the Fund should arrange

<sup>8</sup> Voir volume 22, chapitre IV, 3<sup>e</sup> partie, section C, subdivision II.  
See Volume 22, Chapter IV, Part 3, Section C, Sub-section II.