

(a) INTRODUCTORY

The immediate occasion for the holding of the United Nations Monetary and Financial Conference at Bretton Woods, New Hampshire, U.S.A., from the 1st July to the 22nd July, 1944, was an invitation extended by President Roosevelt. The text of the letter of invitation to the New Zealand Government appears in Appendix A to this report.

There had, however, been previous discussions of a preliminary nature between officials of most of the countries represented at the Conference. New Zealand officials, together with those of other Empire countries, participated in preliminary discussions in London, as well as in informal talks with United States officials.

Arising from these discussions, the experts of the United Kingdom, the U.S.A., Russia, China, and other countries prepared a joint statement on the establishment of an International Monetary Fund. This joint statement, which was published on the 21st April, 1944, embodied draft Articles of Agreement as a tentative basis for more formal discussion by representatives of all the countries concerned.

In addition, a tentative draft of proposals for an International Bank for Reconstruction and Development was prepared by experts of the U.S.A. This draft was published on the 24th November, 1943.

The purpose of the Conference at Bretton Woods was to provide an opportunity for joint examination and discussion of the above-mentioned drafts on behalf of the Governments of the participating nations, with a view to formulating proposals on a sufficiently considered and definite basis for submission to the Governments of the forty-four nations which sent delegations to the Conference.

It was made clear from the beginning that, whatever proposals might be crystallized, and whatever plans might be formulated at the Conference, there would be no obligation, actual or implied, on any Government to become a party to any such plans.

There is thus no impediment to the proposals being examined and dealt with purely on their merits.

(b) ORGANIZATION AND METHOD

To enable the number of delegates actively taking part in the discussion of any given topic to be kept down to workable proportions, and to ensure the necessary degree of speed in carrying out the programme laid down, the Conference, of which the Hon. Henry Morgenthau, Jr., Secretary of the United States Treasury, was elected President, established three Commissions to deal with the three broad categories into which the scope of the Conference was divided. These were—

- (1) *Commission I*, with Dr. Harry D. White (U.S.A.) as Chairman, to deal with the Monetary Fund proposal.
- (2) *Commission II*, with Lord Keynes (U.K.) as Chairman, to deal with the Bank proposal.
- (3) *Commission III*, with the Hon. Eduardo Suárez (Mexico) as Chairman, to deal with other measures for International Financial Co-operation.

Each delegation was represented on each Commission by one voting member, but it was open to other members of the delegations to attend also, and in practice this was done to the greatest extent possible.

A further subdivision of the work of each of the three Commissions was achieved by the setting-up of Committees which dealt with the various aspects of each proposal, and to assist these Committees smaller sub-committees were entrusted with specialized tasks, such as drafting, analysis of technical points, and the like.

According to the procedure laid down, the sub-committees and the Committees reported to the Commissions, and the Commissions reported to the Plenary Session of the Conference. No conclusion was valid unless and until adopted at the Plenary Session of the Conference.

(c) INTERNATIONAL MONETARY FUND

The Monetary Fund Agreement represents a proposal for an international financial organization, the functions of which would be to eliminate or exclude, so far as is humanly possible, such impediments to international trade as already exist or could arise in the financial field.

The basis of this approach is that in order to achieve the ultimate aims of high levels of employment and rising standards of living in member countries, the way must be paved in the first instance by the establishment, in some form or another, of an international monetary mechanism capable of functioning smoothly and effectively in the environment of the post-war world.

To this end, the Monetary Fund proposal has been planned in such a way as—

- (i) To assist in maintaining a reasonable degree of stability in exchange rates;
- (ii) To encourage the removal of exchange restrictions of the type which stand in the way of meeting payments due in respect of current international transactions;
- (iii) To enable member countries to tide over temporary shortages in their working balances of foreign exchange.