

countries would receive an additional special allocation; and release of all aid SDRs would be subject to confirmation by the International Development Association that the funds would be used for sound development purposes.

V ORGANISATIONAL ISSUES

The discussions and negotiations on international monetary reform that have taken place in the past year have been carried out by the specially created Committee of Twenty, meeting at both ministerial level and deputies level. A final judgment of the success of this organisational innovation must await the outcome of the reform exercise. But there is no doubt that the formation of the committee has filled an important gap in the previous administrative structure of the IMF.

From the IMF's earliest beginnings, knowledgeable observers have believed that its influence would be enhanced if officials with immediate responsibility for policy in their own countries could be associated more closely with the direction of the Fund. This was the basis for the strong conviction held by Maynard Keynes that the Executive Directors of the Fund should not be professionalized as full time residents. Keynes envisaged that they should be high officials in their own administrations attending periodic meetings of the Fund executive board, meetings which would thereby concern themselves with the main general lines of policy. In the event this solution was rejected – though one or two countries tried initially to carry out its spirit in selecting their own appointees. The Fund's executive board consists of full time directors and alternates; it meets very frequently, and is concerned with matters of detailed administration.

The limitations of this arrangement became more marked with the growth in the Fund's membership, which made the Board of Governors of well over one hundred persons an essentially ceremonial and validating authority. A gap developed between the Executive Board, knowledgeable and expert on technicalities but somewhat remote from the centre of influence in national administrations, and the unwieldy Board of Governors consisting of finance ministers and central bank governors.

The formation in 1961 of the Group of Ten, consisting of ministers and high national officials of the major industrial countries, was in part a response to this vacuum. The Group of Ten had manifest advantages in compactness of size and in authority of its participants: but it was indefensible in its composition, excluding as it did all primary producing countries; and it had no formal place in the Fund structure. This exclusive association inevitably provoked in time the formation of other groupings to give voice to the excluded countries, and probably in-

creased the influence of UNCTAD as well as subsequently leading to the formation of the Group of 24.

The Committee of Twenty represents in a sense the distillation of these rival groupings, with its own established place in the Fund structure. But its immediate task is limited to the negotiation of monetary reform.

A further development along this line that has been proposed is to draw on the experience and membership of the committee to create a "Superboard" in the regular functioning of the IMF. Thus the regular IMF Executive Board could hold periodic meetings, e.g. quarterly, to consider major issues of policy; at these meetings, officials of the level of deputies of the Committee of Twenty would normally attend, perhaps as Executive Directors alongside the "permanent" director. It could be left to individual countries and "constituencies" to determine their own arrangements for representation, according to their circumstances and the personalities involved. A variety of other formal procedures can be envisaged to produce a similar arrangement. The matters to be discussed at such high-level meetings would include not only developments in global reserves and their implication for SDR allocations, but also reviews of the situations of the major countries as a basis for the collective review of the exchange rate structure. These reviews would in turn lead to the assessments, pressures and possible sanctions that were provided for under provisions of the exchange rate regime.

Any important organizational innovation raises sensitive issues and acute controversy. The concept of the IMF Superboard, meeting quarterly or perhaps more frequently, offers several clear advantages, and is perhaps the most effective means of meeting the complex of requirements involved that can be envisaged. It would maintain the universal character of top level decision making in the international monetary system, and it would open the possibility for formation of more compact but still representative top level bodies in the form of subcommittees or steering committees. It would integrate the high-level decision body with the Executive Directors of the Fund; and it would integrate the work of the Fund staff. In these ways, a solution to an organizational problem that has dogged the Fund from its beginnings may be in sight.

At the same time, this solution would have clear advantages of efficiency over an alternative proposal for making the IMF more responsive to national political forces – viz, politicisation of the Fund's management through several appointees representing major countries or groups at the level of deputy or assistant managing director.

An IMF Superboard would have one additional benefit. It would help to concentrate the work of the Fund more intensively on the particular problem of helping to accommodate the external effects of the domestic

actions that result from the policies adopted by the Fund's member countries. It is in the reconciliation of such domestic policies, rather than in attempting to exert major influence on these policies themselves, that the future of the Fund almost certainly lies in the period ahead.

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