



**AN BILLE UM CHOMHAONTUITHE BRETTON WOODS  
(LEASU), 1977  
BRETTON WOODS AGREEMENTS (AMENDMENT) BILL,  
1977**

**EXPLANATORY MEMORANDUM**

*Purpose of Bill :*

1. The purpose of the Bill is to approve acceptance by the Government of the proposed second Amendment to the Articles of Agreement of the International Monetary Fund. This requires the amendment of the Bretton Woods Agreements Acts, 1957 and 1969, which incorporate the present Articles of the IMF.

*Background :*

2. The need for amendment of the IMF Articles of Agreement has arisen largely from the breakdown since 1971 of the international monetary system based on fixed exchange rates. At present the major world currencies are allowed to float on foreign exchange markets in contravention of the existing IMF Articles of Agreement. An extensive examination of the need for reform of the international monetary system was carried out by the IMF over the past five years leading to the present proposed amendment of the Articles. Acceptance of the proposed amendment by a majority of three-fifths of the members of the IMF having four-fifths of the total voting power is required before the amendment can enter into force.

*Main Changes in the IMF Articles of Agreement :*

3. The main changes proposed in the IMF Articles of Agreement are as follows :—

- (i) In place of the existing provision for a system of fixed par values, the amended Articles will leave members free to adopt exchange arrangements of their own choice—subject to an obligation to collaborate with the IMF and with other members to ensure orderly exchange arrangements. The arrangements are to be subject to surveillance by the IMF.
- (ii) The role of gold in the international monetary system will be reduced, in particular by (a) abolition of the official price of gold (b) abolition of the obligation to use gold in certain IMF transactions and (c) introduction of a range of enabling powers for the IMF to dispose of its gold.
- (iii) The role of the Special Drawing Right (SDR)—an international reserve asset created by the IMF—will be increased with the object of making it the principal reserve asset of the international monetary system. This will facilitate control of international liquidity by the IMF.
- (iv) All members will be required to make the IMF's holdings of their currencies usable in the financial operations and transactions of the IMF—the IMF's holdings of Irish currency are already so usable.
- (v) Provision is made for the possible establishment of a new organ of the IMF. This new body, to be known as the Council, will consist of twenty members of the IMF Board of Governors (normally Ministers of Finance) representing all member countries and will have powers of decision.
- (vi) Improvements are being made in the organisational aspects of the IMF.

**Sections of Bill :**

**Section 1 :** defines terms used in the Bill.

**Section 2 :** provides for acceptance by the Government of the proposed amendment of the IMF Articles.

**Section 3 :** specifies the interpretation of references to "Fund Agreement" in Bretton Woods Agreements Acts, 1957 to 1977.

**Section 4 :** specifies the amendments required in previous Bretton Woods Agreements Acts.

**Section 5 :** empowers the Central Bank of Ireland to make payments for gold sold to it by the Fund pursuant to the amended Articles and to buy balances of Irish currency held by another Fund member.

**Section 6 :** empowers the Central Bank of Ireland to lend or sell Irish currency to the Fund to replenish the Fund's holdings of Irish currency.

**Section 7 :** provides that sections 3 to 5 shall only become operational when the proposed amendment of the Articles becomes effective.

**Sections**

**8 and 9 :** are self-explanatory.

The proposed amended Articles of Agreement of the IMF are attached to the Bill as a schedule.

*An Roinn Airgeadais,  
Márta, 1977.*