

INTERGOVERNMENTAL GROUP OF TWENTY-FOUR ON INTERNATIONAL MONETARY AFFAIRS

SECOND MEETING OF MINISTERS

COMMUNIQUÉ

**Washington, D.C.
September 24, 1972**

1. The Second Ministerial Meeting of the Group of Twenty-Four was held in Washington, D.C., on September 24, 1972.
2. The Bureau comprised the President of the Central Bank of Venezuela who was President, and the Minister of Finance of Sri Lanka and the Governor of the Central Bank of Algeria, Vice Presidents. Mr. Pierre-Paul Schweitzer Managing Director of the International Monetary Fund and Mr. Manuel Perez Guerrero Secretary General of UNCTAD attended the meeting.
3. The Ministerial Meeting was preceded by a Meeting of Deputies which was held in Washington from September 13 to 15 1972 under the Chairmanship of Carlos Rafael Silva of Venezuela, with Mr. Lal Jayawardena of Sri Lanka, Vice President and Mr. G. I. Aruede of Nigeria, Rapporteur. Dr. Silva reported to the Ministers on the work of the Deputies.
4. The Ministers examined the international monetary system in the light of the crises that have beset it in the last few years and particularly since August 15, 1971. They reviewed efforts which have been initiated by the IMF for the reform of the system and noted with satisfaction that the Board of Governors has established a Committee on the reform of the international monetary system and related issues.
5. The Ministers reaffirmed their previous position that the satisfactory operation of the international monetary system is the joint responsibility of all members of the international community.
6. The Ministers agreed that a reformed international monetary system must give due emphasis to a basic aim already enshrined in the Fund's Articles of Agreement; namely, to accelerate the "development of the productive resources" of all members of the Fund. In the light of this basic aim of the Fund and to give effect to the internationally accepted commitment to promote the economic development of the less developed countries a reformed international monetary system must have as one of its basic aims the facilitation of a substantial transfer of real resources from the developed to the developing countries and the financing of such transfers on appropriate terms designed to avoid problems of excessive debt burdens on the developing countries.
7. The Ministers agreed that the proper functioning of the adjustment process requires the cooperation of both surplus and deficit countries and expressed the hope that measures to enhance the working of the adjustment process would not be such as to hamper the expansion of world trade or restrict beneficial capital flows, especially those from the developed to the

developing countries. In this connection the Ministers stressed the interrelation of world monetary, trade, development and finance matters.

8. The Ministers agreed on the urgent need for a decision before the end of the first basic period in favor of a new substantial allocation of special drawing rights for a second basic period of two years starting in January 1973 as the best means of providing adequate liquidity for the international monetary system.

9. The Ministers agreed that although Special Drawing Rights should continue their primary liquidity-creating function in the context of international monetary reforms it will now be necessary to devote greater attention to the resource-transfer potential of the facility; and it is in this context that proposals for using the SDR mechanism to provide additional development financing should be viewed.

10. The Ministers expressed their dissatisfaction with the present structure of quotas in the International Monetary Fund which fails to recognize the full importance of the developing countries in the world economy.

11. The Ministers agreed to meet again before the next Annual Meetings of the IMF and or earlier if the circumstances to continue considering the various issues involved in the international monetary system and related matters.