International Law and International Relations

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than did Britain). Switzerland and Belgium followed in 1878. France adopted the gold standard but restricted convertibility when the franc was weak. The Austro-Hungarian gulden floated until the passage of (what was purported to be) gold standard legislation in 1891. In 1900 the United States declared gold as the "standard unit of value," which put the country officially on the gold standard (though silver coins still circulated). None of these national decisions involved the international community in their making. ***

Nor was this system managed through international legal arrangements. Even if one does not accept the traditional description of balance-of-payments adjustment under the classical gold standard as fully "automatic," its cooperative aspects knew no international legal guidelines. *** This decentralized system of harmonized national rules seemed to provide a good degree of stability – at least for international traders and investors at the industrialized core of the system.[4] As long as investors were confident that the system would be maintained,[5] there was little reason to design an elaborate international legal structure for its maintenance.

The Interwar Years

World War I disrupted not only the economic relationships but also the domestic political and social stability that underlay the confidence in the gold standard.[6] As a result, the interwar years were a "largely unsuccessful groping toward some form of organizational regulation of monetary affairs."[7] Increasingly, the major governments turned to negotiated agreements that had the feel of "soft law" as described by Abbott and Snidal. *** In 1922 the governments of the major European countries met in Genoa to agree informally to the principles of a gold exchange standard, which would economize on gold by encouraging smaller financial centers to hold a portion of their reserves in foreign exchange rather than gold. Although this agreement did in fact have an important impact on the composition of reserves, it was at most a soft admonition to economize gold holding. ***

[4] Ford 1985.
[5] Eichengreen writes extensively about the confidence that investors had in the prewar gold standard. Eichengreen 1992.
[6] Simmons 1994.
[7] Dam 1982, 50.

Virtually every important exchange-rate decision made in the interwar years was made unilaterally. On 21 September the British government implemented the Gold Standard (Amendment) Act of 1931, suspending payments of gold against legal tender and officially leaving the gold standard. Even as multilateral negotiations were in progress, the Roosevelt administration unilaterally imposed exchange controls and an export embargo.[8] Even when governments tried to coordinate their actions, diplomatic declarations were chosen over legal commitments. The Gold Bloc, formed in July 1933 among the governments of Belgium, France, Switzerland, and the Netherlands to cooperate to defend existing parities, was a "soft" legal arrangement created by declaration and communiqué, rather than a formal treaty. When France left the gold standard, for domestic reasons leaders needed multilateral cover and sought it in the form of the "Tripartite Agreement" of 1936. This agreement was the loosest of arrangements, in which Britain, the United States, and France issued separate declarations rather than sign a single document. Without mentioning devaluation, France announced the "readjustment" of its currency, while promising, as far as possible, to minimize the disturbance of such action on the international exchanges. * * *

That governments tried at all to coordinate their monetary choices during this period had much to do with the growing incentives governments faced after World War I to externalize their problems of economic adjustment. The international monetary system was still dependent on national law, but the nature of the national rules had changed. Certainly governments could no longer passively accept internal adjustments in the face of mounting political demands to manage the economy. In contrast to the nineteenth century, during the 1930s a number of countries claimed to be on a "gold standard" even though gold had little to do with the money supply and hence held no implications for internal adjustment.[9] Once the national rules no longer commanded respect for internal adjustments, governments were increasingly faced with the need for international rules to put limits on external adjustments. Efforts to formalize international monetary relations arose from the need for credible limits on external adjustment.

[8] Presidential Proclamations 2039 (6 March 1933) and 2040 (9 March 1933); Executive orders 6111 (20 April 1933) and 6260 (28 August 1933). Cited in Dam 1982, 47, 55.

[9] In the United States it was illegal after 1933 (Exec. order 6260) for a resident to hold gold coins or bullion. Sterilization funds in both the United States and Great Britain further severed the relationship between gold flows and international monetary policy.

THE IMF AND INTERNATIONAL MONETARY LAW: TOWARD THE FORMALIZATION OF "RULES OF GOOD CONDUCT"

The legalization of international monetary relations burgeoned after World War II.[10] In rejecting the less formalized arrangements of the past century and establishing for the first time a public international law of money,[11] negotiators from the United States and the United Kingdom were consciously choosing an international legal framework to enhance the system's credibility. Moreover, the IMF was to be, among other things, a fund, the purpose of which was to extend loans to members in balance-of-payments trouble. *** The IMF was created by a multilateral treaty arrangement, by which signatories agree to pay in subscriptions in exchange for voting and drawing rights. *** With the entry into force of the IMF's Articles of Agreement, money – like activity on the seas and diplomatic relations among states – was drawn under the system of public international law and became newly subject to its broader norms and principles.[12]

Fixed Exchange Rates: The Rise and Fall of Legalization

The Articles of Agreement set forth two primary regulatory goals that reflected lessons drawn from the interwar years: governments should be obligated to peg exchange rates and to remove exchange controls and discriminatory practices that affected current transactions. *** Controls that were once under the sovereign control of national governments now had to be justified to the international community and were collectively condoned only to the extent necessary "to carry out a purpose contributing to general prosperity."[13] In short, in the postwar monetary system, public international law was to be used as it had been for decades in trade relations: to help facilitate the international exchange of goods and services by providing for currency convertibility in open, free, and legal markets.

The international community thus explicitly recognized for the first time that exchange rates were properly a matter of international concern. To become a member of the IMF, a country had to communicate a "par

[10] The expression "rules of good conduct" is used by Gold 1965, passim.

[11] Gold 1984a, 801. A French plan was offered at the beginning of the postwar monetary negotiations. Although it played no direct role, it did indicate the French preference for agreement among the "principal nations" somewhat analogous to the Tripartite Agreement. The French plan saw an international institution as optional. Dam 1982, 76.

[12] Gold 1980, 5. Nonetheless, legal treatments of these obligations are surprisingly few. See generally Denters 1996, 16–20.

[13] From the White Plan. Horsefield and De Vries 1969, 3:64.

value" for its currency by direct or indirect reference to gold. This might involve minor negotiations with the IMF staff, but it basically established par values very close to those prevailing just prior to membership. Members then had an obligation to maintain that par value within the margins prescribed in the articles.[14] Members were required, without exception, to consult with the IMF before making a change in their initial or subsequent par values; failing to do so constituted a breach of a legal obligation. And although the IMF could not propose a change in a member's par value, by using its resources it could influence a member's decisions to adopt a particular par value. In short, "the authority over exchange rates granted to the Fund by the original articles was unprecedented in international law."[15]

* * *

Remaining Monetary Obligations: Article VIII

Despite the softening of legal obligations with respect to the system of par values, governments who are members of the IMF do retain two important obligations in the conduct of their external monetary policy. Both of these are contained in Article VIII of the Articles of Agreement, which spells out the general obligations of members. These rules prohibit restrictions on the making of payments and transfers for current international transactions; they also prohibit multiple currency practices without the approval of the IMF itself.[16] Article VIII section 2(a) provides that governments must make foreign exchange available for goods, services, and invisibles.[17] By agreeing to this standard, governments obligate themselves to make available to their citizens foreign exchange to settle all legal international transactions (it remains up to the

[14] Art IV, sec. 4. Furthermore, Art. IV, sec. 2 provided that "no member shall buy gold at a price above par value plus the prescribed margin, or sell gold at a price below par value minus the prescribed margin." A central bank could not enter into any gold transaction with another central bank other than at par without one or the other violating the articles.

[15] Gold 1988, 48.

[16] Art. VIII, sec. 2, para. (a), and sec. 3. Member states are, however, permitted to maintain or impose exchange restrictions under certain conditions: (1) if they are necessary to regulate international capital movements (art. VI, sec. 3); (2) with the approval of the IMF (art. VIII, sec. 2 (a)); (3) if the IMF has declared a currency "scarce" (art. VII, sec. 3 (b)); and (4) if the exchange restrictions were effective at the time the state became a member of the IMF (art. XIV, sec. 2).

[17] The restriction applies only to payments and transfers for current international transactions. The IMF articles explicitly permit the regulation of international capital movements (Art. VI, sec. 3).

government to determine which are legal).[18] They also agree to refrain from delaying, limiting, or imposing charges on currency transfers if these have the effect of inhibiting or increasing the costs of making payments.[19] Interestingly, this provision appears to be the only part of the Bretton Woods Agreements that constitutes an obligation of member states toward their own residents.[20]

Multiple currency practices that establish different rates of exchange have always been prohibited by the Articles of Agreement. Article VIII section 3 creates a hard legal obligation to avoid such practices,[21] which were viewed as a threat to the original parity rule, potentially discriminatory, and always distortionary. As with the restrictions in section 2, the IMF could, however, approve temporarily such practices, which can serve to soften the proscription in the short run. Multiple currency practices were rampant after World War II: about a third of all the countries involved in the Bretton Woods negotiations had multiple currency systems in place. As late as 1971, a major member, France, introduced a multiple exchange-rate system. The United Kingdom also maintained a separate investment rate as late as 1979.

Why were rules forbidding these practices considered necessary? For two general reasons: Governments may want to support developmental objectives that favor certain kinds of imports over others based on established state priorities.[22] More often, however, governments use exchange controls and multiple currency practices as one among a variety of methods to deal with balance-of-payments problems.[23] For either purpose, they may require exporters to surrender foreign currencies received in export sales to government authorities, at governmentally determined rates.[24] In turn, importers are required to obtain foreign currency from the governmental authority or authorized bank. Such systems

[18] See Executive Board Decision 1034 (60/27), 1 June 1960, para. 1, *Selected Decisions of the International Monetary Fund and Selected Documents,* 11:259 (Washington, D.C.: IMF). See also Horsefield and de Vries 1969, 3:260.

[19] Edwards 1985, 391 (see fn. 39 for original documentary sources); and Horn 1985, 295.

[20] Boehlhoff and Baumanns 1989, 108.

[21] Art. VIII, sec. 3 says: "No member shall engage in, or permit any of its fiscal agencies referred to in Article V, Section 1 to engage in, discriminatory currency arrangements or multiple currency practices . . . except as authorized under this agreement or approved by the Fund."

[22] See, for example, India and Article VIII, 11 July 1955, S424, Transitional Arrangements, Article VIII Country Studies (Washington, D.C.: IMF Archives).

[23] See Edwards 1985, 381–32; and Gold 1988, 255.

[24] Edwards 1985, 391. Surrender requirements are not prohibited, because surrender in itself is not considered to be an impediment to the making of payments. Gold 1984a, 813.

allow for foreign currency rationing or import discrimination in which foreign currency is made available (or available at favorable rates) for some goods or some transactions but not others.[25]

The IMF has always viewed such systems of control as dangerous substitutes for economic adjustment and inhibitions to the development of free foreign exchange markets. However, because many of the IMF's founding members could not immediately achieve full convertibility at unified rates, Article VIII obligations are made voluntarily. Upon joining the IMF, new members can avail themselves of "transitional" arrangements, under Article XIV, which in effect "grandfather" practices that were in place on their accession to the Articles of Agreement.[26] Even so, Article XIV countries are expected to withdraw restrictions when they are no longer needed for balance-of-payments reasons[27] and are required to consult annually with the IMF about retaining restrictions inconsistent with Article VIII.[28] In the course of these consultations the IMF tries to persuade members gradually to move from "transitional" practices – foreign exchange rationing, multiple exchange rates, foreign exchange licensing systems – to the IMF's traditional approach: reduction of domestic inflation, comprehensive fiscal reform, devaluation if necessary, and simplification of exchange restrictions to remove their tax and subsidy effects. Once these fundamentals are in place the IMF usually urges the Article XIV country to commit itself to Article VIII status.[29]

[25] Edwards 1985,382. A very comprehensive system of exchange controls might prohibit residents to transfer the state's currency to nonresidents, except with the state's permission on a case-by-case basis, or prohibit residents to hold foreign currencies except with the state's permission.

[26] Art. XIV, sec. 2. An Art. XIV country can also adapt its restrictions without the need for IMF approval. But an Art. XIV country cannot introduce new restrictions without approval, adapt multiple currency practices without IMF approval, nor maintain restrictions that the member cannot justify as necessary for balance-of-payments reasons. See Horsefield and De Vries 1969, 1:248–59.

[27] Art. XIV, sec. 2.

[28] Art. XIV, sec. 3.

[29] Ideally, the IMF wants the removal of restrictions to coincide with the assumption of Art. VIII obligations, though it has recognized that this might not always be possible and that waiting for the complete removal of every last restriction would only serve to delay the making of such a commitment. See Article VIII and Article XIV, memo prepared by Irving S. Friedman, Exchange Restrictions Department, 24 May 1955, S424, Transitional Arrangements, Art. VIII and XIV, September 1954–55, (IMF Archives). In a few cases, developing countries that were not in an especially strong position to accept Art. VIII had no restrictions in place, and the IMF urged them to go ahead and commit, since they had nothing to "grandfather" under Art. XIV. See Haiti, memo from H. Merle Cochran to Irving S. Friedman, 30 October 1953, C/Haiti/424.1, Trans. Arrange., Members' Intent

LEGAL COMMITMENT: EXPECTATIONS AND EVIDENCE

But why should a government voluntarily assume Article VIII obligations? And why should it continue to comply with them? After all, the articles specify neither a time period nor a set of criteria for ending the transitional period.[30] And although the IMF encourages countries they believe are in a position to do so to make an Article VIII commitment, the IMF does not provide direct positive or negative incentives for doing so.[31] Nor does it directly "enforce" these obligations.[32] It does publish data on states' policies from which one can infer compliance ***. The executive board can also "approve" restrictions (or not) and has done so as an accompaniment to adjustment programs it is supporting. But the consequences of nonapproval are questionable, since the board does not generally make its decisions public.[33] The executive board can declare a member ineligible to use the IMF's resources if the member "fails to fulfill any of its obligations" under the articles,[34] and noncompliance sometimes does interrupt drawings under standby and extended arrangements.[35]

to Use (IMF Archives); and Letter, Ivar Rooth, M.D., to Jose Garcia Ayber, Governor of the Central Bank of the Dominican Republic, 1 August 1953, C/Dominican Republic/ 424.1, Trans. Arrange., Members' Intent to Use (IMF Archives). These countries often turn out to be long-term noncompliers.

[30] Horsefield and De Vries 1969, 2:225. The IMF staff discussed on various occasions the imposition of time limits for the removal of restrictions and the unification of exchange rates, but rejected them as impractical. Article VIII and Article XIV, memo prepared by Irving S. Friedman, 24 May 1955, S 424, Trans. Arrange. (IMF Archives). There were also debates over the IMF's legal authority to declare an end to the transitional period. Furthermore, there were debates in the early period about exactly what "transitional" referred to. Extract, Executive Board Informal Session 54/2, 19 November 1954, S424, Trans. Arrange. (IMF Archives).

[31] However, sometimes countries in fairly tenuous balance-of-payments positions who were willing to accept Art. VIII obligations were provided standby arrangements. For example, see Costa Rica (1965), Executive Board Minutes, EBM/65/7, 29 January 1965, C/Costa Rica/424.1, Trans. Arrange., Members' Intent to Use (IMF Archives).

[32] In 1948, the executive board explicitly disapproved France's multiple exchange-rate practice and declared France ineligible to use IMF resources, invoking Art. IV, sec. 6 sanctions. The sanction failed to induce France to adopt a unitary rate. The use of sanctions was perceived as a failure and never invoked again. Dam 1982, 132.

[33] Although the board is not barred from publishing reports that communicate the board's views, doing so requires a two-thirds majority of the total voting power to make this decision. Gold 1979, 153.

[34] Art XV, sec. 2 (a).

[35] According to Gold, "All standby arrangements include a uniform term on measures that directly or indirectly affect exchange rates. Under this term a member is precluded from making purchases under an arrangement if at any time during the period of the arrangement the member: 'i. imposes [or intensifies] restrictions on payments and transfers for current international transactions, or ii. introduces [or modifies] multiple

But, in fact, the IMF has used these formal remedies very sparingly. Noncompliers rarely have to worry about retaliation directly from the IMF, since members that vote for some kind of punishment may be concerned about drawing a retaliatory vote in the future. The IMF is much more likely to use persuasion than to apply a remedy for continued noncompliance.[36]

* * *

Governments therefore face something of a dilemma: there are costs to being the first to liberalize (including the possibility of direct balance-of-payments pressures), but there are also costs to lagging too far behind international or regional norms. Governments have keenly felt this dilemma in formulating their policies regarding Article VIII. The major Western European countries, for example, assumed Article VIII obligations in unison, since "None of the six countries wanted to move in advance of the other, and all of them preferred to come under Article VIII at the same time as the United Kingdom."[37] A similar decision was made by the African franc zone countries three and a half decades later. *** In discussions of the timing of Article VIII acceptance with the IMF, Peru's prime minister "agreed Peru should not jump out ahead of the others, but ... definitely does not want to 'miss the boat.'"[38] These concerns are

currency practices, or iii. concludes bilateral payments agreements which are inconsistent with Art. VIII, or iv. imposes [or intensifies] import restrictions for balance of payments reasons.' " Gold 1988, 466.

[36] Gold 1979, 185.

[37] Implementation of Article XIV and Article VIII Decision, minutes of staff visit to the United Kingdom, 22 July 1960, S424, Trans. Arrange., Move to Article VIII Mission, minutes of meetings (IMF Archives). The IMF archives contain ample evidence that no European power wanted to pay the potential costs of being the first mover, yet none wanted to lag a decision by other countries in the region. Thus, "The French policy with regards to restrictions depends on the policy followed by other European countries, especially Great Britain. It might even be said in large measure it is conditioned by that policy." F. A. G. Keesing, 1 July 1955. S424, Trans. Arrange., Art. VIII Country Studies (IMF Archives). For a similar position by the Netherlands, see Netherlands and Article VIII. 23 June 1955, S424, Trans. Arrange., Art. VIII Country Studies (IMF Archives). On the United Kingdom's unwillingness to move alone, see memo from Rooth to E. M. Bernstein, 20 May 1955, S424, Trans. Arrange., Art. VIII and XIV, Sept. 1954–55 (IMF Archives). On the incentives for a general snowball effect within Europe, see memo from F. A. G. Keesing, 13 May 1955, S424, Trans. Arrange., Art. VIII and XIV, 1954–55 (IMFArchives).

[38] Memo from Jorge del Canto to Per Jacobsson, IMF Managing Director, 23 September 1960, C/Peru/ 424.1, Trans. Arrange., Members' Intent to Use (IMF Archives). Peru was basically free from all restrictions in 1960, and IMF staff members wondered whether they should be encouraged to assume Art. VIII obligations as soon as possible or wait and go with the Europeans. In a hand written note in the margins, Per Jacobsson wrote, "No. It would not profit Peru to move first – more advantageous to be 'drawn by movement' with others." Memo from Jorge del Canto to Per Jacobsson, 17 May I960, C/Peru/424.1 (IMF Archives).

understandable if legal commitment is viewed as a way to reassure markets in a competitive economic environment. Although there may be few incentives to liberalize first, governments need to be cognizant of the signal they may be sending by refusing to commit, especially when other countries with whom they might compete for capital or trade have done so.

If a legal commitment to Article VIII is a way to improve access to capital and trade by in effect raising the costs of interfering in foreign exchange markets, then we should expect commitment to be influenced by two factors: (1) a basic ability to comply (which is necessary for a credible commitment), and (2) the commitment decisions of other countries (which avoids the costs of being the first to move and reduces the costs of lagging).

We should also consider a set of plausible control variables that could reveal a spurious correlation with these hypothesized relationships. I am not suggesting that a credible commitment is the only reason a government would commit to Article VIII but investigating whether it stands up to a range of plausible alternatives. The first is a straightforward argument based on domestic demands: commitment is likely to be a function of domestic policy demands, just like any other aspect of foreign economic policymaking.[39] *** Article VIII provides a right of access to foreign exchange for residents and nonresidents, and demands for such a right are likely to be greater in countries where trade is an important part of the national economy. ***

The IMF staff, in their discussions of who was ready to commit, clearly recognized the incentives that trade dependence created. Indonesia was deemed unlikely to commit, for example, because "The restrictive system is somewhat peripheral to the broad economic issues in which the public are interested: foreign trade is only 6% of GDP. And non-nationals control the major industries" (jute and tea).[40] On the other hand, when Guyana made the Article VIII commitment, the executive board noted explicitly that "Guyana was one of those very few developing countries in the world whose imports and exports, taken separately, were larger than 50 per cent of GNP, and this necessarily meant that the country was

[39] The literature linking foreign economic policymaking to domestic political demands is vast. Most of this work concentrates on demands for trade protection. See, for example, Aggarwal, Keohane, and Yoffie 1987; Alt et al. 1996; Destler and Odell 1987; Goodman, Spar, and Yoffie 1996; McKeown 1984; Milner 1988; and Rogowski 1989. For works on financial and monetary policy, see Simmons 1994; and Frieden 1991.

[40] Indonesia and Article VIII, 14 July 1955, S424, Trans. Arrange., Art. VIII Country Studies (IMF Archives).

highly vulnerable to swings both in capital and in trading magnitudes." Trade dependence made Guyana a good candidate for Article VIII but also implied a possible need for IMF assistance should liberalization prove destabilizing. A standby arrangement was considered simultaneously.[41]

Furthermore, we might expect that the demand for guaranteed foreign exchange access is most likely to be addressed by a democratic regime. The political organization around this issue area is likely to be that of civil society versus the state: on the one hand, it is difficult to conceive of a private interest that would organize to actively oppose free access to foreign exchange. On the other hand, the concentrated rents go to the government, as the dispenser of limited access to hard currency. If one of the primary characteristics of democracy is the extent to which it empowers civil demands vis-à-vis the state, and if it is also true that these demands are likely to favor those who want free access to foreign exchange, then we should expect democratic governance to be positively associated with the acceptance of Article VIII.

It is also important to control for the institutional incentives provided by the IMF for those who commit: An early inducement for countries to choose Article VIII status was the fact that multilateral surveillance applied only to Article XIV countries until the Second Amendment (revisions to Article IV) extended mandatory surveillance to the entire IMF membership.[42] Prior to 1977, governments willing to announce acceptance of Article VIII obligations could actually avoid multilateral surveillance.[43] *** Thus until 1977, members faced a perverse incentive to accept Article VIII obligations: the commitment gave them the ability to avoid discriminatory and potentially humiliating surveillance and formal board review. We can hypothesize that the acceptance rate was therefore higher, all else being equal, before 1977 than after.

Finally, controlling for time is appropriate in this analysis. One important reason is that countries may have been reluctant to commit to Article VIII in the early years of the IMF because it was unclear just how the executive board would interpret the obligation. Countries clearly did not want to commit and then be surprised that the executive board

[41] Guyana – Acceptance of Obligations of Article VIII, Sections 2, 3, and 4, Initial Par Value, and Stand-by Arrangement, 13 February 1967, EMB/67/10, C/Guyana/424.1, Trans. Arrange., Members' Intent to Use (IMF Archives).

[42] James 1995, 773, 775.

[43] Gold 1983, 474–75. Consultations with Art. VIII countries were established in 1960 but were completely voluntary. Horsefield and De Vries 1969, 2:246–47.

considered them in breach of their obligation.[44] As time went on, this kind of uncertainty could be expected to wane through approval decisions and executive board clarification.

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Before proceeding to more complicated analyses, it is useful to make a visual inspection of the data. The data set used is a panel of 138 countries. The only criterion for their inclusion was membership in the IMF by 1980. Of these countries, we have time varying and case varying data for 110 countries that have chosen Article VIII status since 1966. Using yearly observations for these countries, it is useful to construct a Kaplan-Meier "survival function" that describes the period of transition prior to making an Article VIII commitment (see Figure 22.1).[45]

One fact becomes obvious from this visual representation of the data: the "transitional" regime could in fact last a long period of time for a number of countries. The Kaplan-Meier function estimates about a 25 percent chance of accepting Article VIII status in the first twenty-four years of IMF membership, a 50 percent chance within thirty-five years, and about a 75 percent chance after fifty years. Clearly, many countries have been in no rush to commit legally to keeping their current account free from restrictions.

What affects the rate at which governments make the commitment? Table 22.1 presents the findings of the Cox proportional hazard estimation for a combination of variables discussed earlier. (Note that ratios of more than 1 indicate an increase in the rate of Article VIII acceptance, and ratios of less than 1 indicate a reduction in the rate of acceptance. Thus the null hypothesis is that the hazard ratio is not significantly different from 1.) Consider first the ability to comply, which I argue is essential

[44] For example, the United Kingdom did not want the stigma of a board decision that they maintained an illegal multiple currency practice as a result of what the United Kingdom considered a legitimate way to control capital movements. Implementation of Article XIV and Article VIII Decision, minutes of staff visit to the United Kingdom, 27 July 1960, S424, Trans. Arrange., Move to Art. VIII Mission (IMF Archives). Uncertainty over board interpretation inhibited early commitment. Generally, see Policy Aspects of the Article VIII and Article XIV Problem, 21 October 1954, S424, Trans. Arrange., Art. VIII and XIV, 1954–55 (IMF Archives).

[45] The literature usually terms the event of interest a "failure" and the time elapsed until its occurrence as "survival" regardless of the substantive problem modeled. Proponents of international openness and free markets would in this case view "survival" analysis as "transition" analysis, and an Art. VIII commitment as a "success"; those who favor closer government management of markets might agree that the customary appellations are in fact more apt.