drawing rights as a reserve facility rather than a reserve asset, that suits me. I want the system to work well; that is all I care about.

Senator SYMINGTON. Mr. Chairman, you have been very kind. We are having a vote at 11 o'clock on social security so I perhaps won't be able to get back. I wanted to find out the thoughts of the possibility of creating a new currency along with such problems as taking care of our balance of payments, the constant draw on the IMF, what the British have done recently, unfortunate especially after what Mr. Wilson said here only last July, and what Mr. Callahan and Mr. Wilson both said more recently. So what is the effect of the French decision not to go along? Naturally, I would like to see us get bailed out of this increasingly serious problem.

Mr. BERNSTEIN. I don't think the French can veto this plan. A baby has been born. Any country that wants to kill it is going to be guilty of infanticide. It is going to have to do this in the face of the opposition of 106 members of the International Monetary Fund. I don't think it will be done, Senator.

Senator SYMINGTON. That is the answer to the thrust of my question.

Mr. BERNSTEIN. I expect the Common Market countries to use their power in bargaining to get this or that concession at the margin including delay: "If you wait a couple of months we can make it unanimous"; and to hold down the amount of SDR's that are created: "If you limit it, say, to $1,500 million a year, we will go along, but if you insist on $2 billion we are going to have a long drawn-out fight." That sort of thing. The 85 percent vote is an instrument, an extra instrument, in their hands to secure a compromise more favorable to their view.

Now, Senator, the SDR's cannot be a direct solution to balance-of-payments problems. They can't be a direct solution to balance-of-payments problems for a variety of reasons. The most important is that no country is going to get allotments of special drawing rights on a scale, even with a generous creation of special drawing rights, that would make a major contribution to solving its balance-of-payments problem.

For example, even with a $2 billion creation, we would get a little bit under $500 million. Well, you can't even estimate the deficit of the United States within $500 million, much less solve the balance-of-payments problem with such a sum. So, Senator, I think the way the SDR plan helps us is that it will provide a world in which reserves are growing. In such a world, trade can keep expanding and the problem of solving a balance-of-payments problem is somewhat easier. Just as the problem of solving unemployment is much easier in an expanding national economy, so the problem of solving balance-of-payments difficulties is easier in a world that has expanding trade.

Senator SYMINGTON. Yes, I see that; but I don't want to get off my main point which has nothing to do with balance of payments, rather with French intransigence about what we now want to do, and presumably what the British want to do also. We had a local fellow here in town the other day who said he had $92 million assets and $85 million in liabilities; and he would have been all right if one man hadn't brought a suit for only $175,000.

What I would like to know is what you think French resistance to all this could do? My interest at this point has relatively little to do with any balance-of-payments problem.