

one out of 107 whose views must be taken into account. True, a very important one but not a decisive one.

So I would say the French capacity to stop this plan is less now than it was at any stage up to now.

Chairman REUSS. To pull together, then, what has been said in the last few minutes, you think that the ratification of the Rio agreement, if thereafter there is a failure to activate, would in no way prevent the United States from exercising complete freedom of action on what alternatives to adopt, and you think, furthermore, that with the legislative history being made here this morning, and which would possibly be made in whatever guidelines the Joint Economic Committee may see fit to emit as a result of these hearings, France and others would be on notice that later intransigence is not going to get them anywhere, and that the United States would feel free to take whatever actions were always available to it?

Mr. BERNSTEIN. Yes, Mr. Chairman.

What Sir Roy has proposed is that the United States should say to the Common Market, "We are going to walk out of a universal agreement if we don't have our way on a specified date for ratification." Actually, by getting this agreement ratified with the Managing Director having the right to propose activation at an appropriate date and to recommend the amount of special drawing rights to be created, we are turning the tables.

If the French do not like an international agreement along those lines after it is ratified, they are the ones who will have to break a consensus, not we.

I think that is a much better way to approach this problem.

As I said, the alternatives to the new plan are known to everybody. These alternatives involve a great break from the postwar system.

I think these alternatives should be understood as alternatives, but we are in a stronger position to encourage cooperation when others understand that they exist than if we speak out loud and threaten to use them.

Sir ROY HARROD. I must say—

Chairman REUSS. Yes. Would you come back at that, Sir Roy? And, in your comeback, take into account the fact that it has been asserted here that not only would we, the United States, and other like-minded countries, have a complete legal right to strike out anew if the agreement, once ratified, was aborted, but that there is, as a result of this hearing, and as a result of future events, plenty of notice to all parties that there would be no hesitancy to exercise that legal right if stultification is the result of ratification.

Mr. BERNSTEIN. At least, in my opinion; I do not want it to appear to be anyone else's.

Sir ROY HARROD. I merely wanted to say that I did not suggest that the United States would walk out under any circumstances.

My suggestion was—and I do not claim to know the constitutional niceties—that Congress should make it plain that it approved of the scheme and was prepared to ratify it whenever an activation date was put in. That is not walking out.

Well, then, if there were prolonged delay, and a more limited group of countries got together and devised their own mutual accommodation scheme, which would still be a provisional, an interim, one, the undertaking of the Congress that it would ratify the main scheme