

a parallel redo of the regular IMF? Maybe you two gentlemen would address yourselves to that point.

Mr. BERNSTEIN. Before I discuss what the content of such an amendment might be, I would like to make one point. This amendment is going to be written by the executive directors of the International Monetary Fund.

I think Sir Roy is unduly frightened by what may come out in that proposed amendment. I see no reason at all to be frightened about it. I can even conceive of an improved International Monetary Fund coming out of it.

In any case, let us not forget that, if the two amendments are put up as a package for ratification, we do not have to ratify if we do not want to. But I am persuaded that there is no reason to be afraid that the amendment drawn up by the executive directors for changes in the present Articles of Agreement are going to be bad. In fact, they may very well be constructive changes.

Chairman REUSS. The French and some of the other Common Market countries have hinted, at least, that what they wanted is a change in the voting arrangements of the regular Fund so that an 85 percent majority is needed on quota increases and, hence, they would have a veto over that which they do not now enjoy.

Would that be good or bad?

Mr. BERNSTEIN. Actually, Mr. Chairman, they have that veto pragmatically today.

If the Common Market countries, who are the big creditor countries of the International Monetary Fund, refused to take a quota increase of their own, then any increase in the quotas of all other countries would seriously impair the liquidity of the Fund and make it impossible for the Fund to provide more reserve credit despite the larger quotas than before.

Nevertheless, I am not in favor of changing the requirement to 85 percent. As a matter of fact, I would like to use this opportunity to achieve something I have been trying to get for a very long time.

I am very much in favor of the Common Market countries having more responsibility in the International Monetary Fund. But I believe that the way to get more responsibility is to put in more resources into the Fund. The Fund needs more resources, particularly of these creditor countries, the Common Market countries.

I think that we ought to be glad that the Common Market countries show they want to take more responsibility. Let us give them greater responsibility in the way that the Articles of Agreement provide. Their votes can go up with their quotas, and I hope they get the votes necessary to exercise a veto, if they wish it, by putting in more resources.

Chairman REUSS. So you are hopeful that the so-called parallel agreement relating to the regular IMF will be a good one; that is, one that enables the Common Market to earn a veto by putting in more resources through raised quotas, which should have been done some time ago?

Mr. BERNSTEIN. Right.

Chairman REUSS. And, too, with such other technical amendments as are constructive?

Mr. BERNSTEIN. I would like to point out that some of the other amendments that are talked about by the Common Market countries