really adequate, are the United States and the United Kingdom. So I am in favor of giving other members of the Group of Ten more responsibility by giving them larger quotas.

Chairman REUSS. But suppose that the Common Market keeps insisting for its parallel package on the unreasonable approach that you have just described, and suppose 4 months from now the United States is confronted by a Common Market which says, "Look, we will proceed with the ratification of the SDR agreement only if we get the kind of parallel agreement with respect to the regular IMF that we, the Common Market, have been insisting on."

In your judgment, what should the United States do with that impasse? Should we hold our nose and go along with the Common Market parallel proposal or should we say the deal is off?

Mr. BERNSTEIN. I would be perfectly willing to leave it to the good judgment of the Executive Directors of the International Monetary Fund, who represent an awful lot of countries besides the Group of Ten.

Personally, I feel that the Common Market countries would be getting nothing they do not actually have now if the 85-percent vote for quota increases were adopted.

As I have said, it is impossible to raise quotas in the International Monetary Fund now unless the Common Market countries say, "Yes, we will take the same general increase in quotas that you are giving to the others."

If the Common Market countries were to say, "Look, the biggest increase in quotas you can give us is 10 percent. You go ahead and do what you want with the others," then we could not give the others more than 10 percent. If we gave other countries a larger quota increase, it would be impossible for the IMF to work effectively because of a lack of liquid resources. So in practice the creditor countries can set the limit of a general increase in quotas.

I do not think it is right to tie up the constitutional procedure of the IMF any more than it is—in fact, it may have been a mistake for us to emphasize the veto at Bretton Woods. Remember, we have always wanted these vetoes for ourselves.

Let us not get indignant because the Common Market countries together, now the biggest creditors of the International Monetary Fund, want the same veto that the United States alone has.

My own feeling is that, perhaps, even the 80-percent requirement is unjustified. But we did insist on it, and we have it.

Giving the Common Market countries a formal veto on a general increase in quotas would not be giving them anything of any consequence in hampering the operations of the Fund. They can already do that by saying, "We don't want an increase in our quotas."

Chairman REUSS. So that while you would advocate a stanch position by the U.S. Executive Director, and by whatever other Executive Directors were persuaded to your point of view, if in the end they were unsuccessful and were outvoted by other Executive Directors who had temporarily taken leave of their senses, you would say, "Swallow this as part of a package," because you think it would not be devastating in its ultimate effect.

Mr. BERNSTEIN. I do not know why we should assume that it is any worse for five countries to have a veto if they are bigger creditors than we are than for one country to have a veto.