part of the allotment. That is to say, our exports to the less developed countries that are likely to be eligible for this sort of aid, compared to the rest of the world, are less than the proportion of our quota to total quotas in the IMF.

I would not say that is decisive. Maybe we have to give something up.

The main point is, I would rather not raise this issue today as part of the discussion on the creation of a new reserve asset, its ratification and its activation, for fear that it will raise so many questions among the present creditor countries in the international monetary system that they will begin to have some second thoughts.

Chairman REUSS. But after activation, you are ready to talk?

Mr. BERNSTEIN. I am willing to be a lot bolder after activation. In the beginning, I like to be conservative.

Chairman REUSS. Let me then come to the fourth point, Mr. Bernstein. And that is, whether under the new SDR proposal it should be permitted that regional groupings of countries pool their SDR's in order to marshal them most effectively.

Specifically, at Rio, I talked to some of the Andean countries who have a homogeneous group going there, and the question is raised, suppose in a given year Chile is hurting very much for foreign exchange and Venezuela is sitting pretty. Would it make sense for the Andean countries to pool their SDR's, and, by their internal decision, however arrived at, to allocate them in a given year to the benefit of poor Chile and away from temporarily wealthy Venezuela?

Mr. BERNSTEIN. I am aware of all sorts of plans among the Latin Americans for bringing together a pool of reserves in dollars and in SDR's, and in other ways.

But my approach to this is very simple. I am in favor of giving countries the greatest freedom to use SDR's as reserves.

One of the nice qualities about reserves that you own is you can lend them if you want to. I have no objection to any group of Latin American countries bilaterally, multilaterally, or in any other way lending to each other SDR's which belong to them.

Chairman REUSS. There is nothing in the outline plan which prevents that that I can see.

Mr. BERNSTEIN. No; I think not.

I would not want to make the outline plan so tight that countries cannot lend SDR's to each other. We may want to borrow some ourselves. I hope not. We may want to lend some.

Chairman REUSS. Well, we are very grateful to you, Mr. Bernstein. We will stand adjourned until 2 o'clock in this place, for further exploration.

(Wherepon, at 12:20 p.m., the committee recessed, to reconvene at 2 p.m., the same day.)

AFTERNOON SESSION

Chairman REUSS. The Subcommittee on International Exchange and Payments will be in order for a continuation of our hearing of this morning.

We are delighted that Professor Triffin is here.