a mere fraction of the present GAB commitments of large creditor members of the Fund into their regular quota.

V. Conclusion

In brief, I would urge Congress:

(*a*) To accept the results of the present negotiation and ratify the agreement that will be submitted to it;

(*b*) To urge our officials to seek through further negotiations the amendments required for the following purposes:

(i) To adjust the future creation of all forms of credit-reserves—foreign exchange as well as SDR's—to the overall reserve requirements of feasible, noninflationary, growth in world trade and production, without waiting for the solution of our own—or of the British—balance-of-payments difficulties, but also without expecting the world monetary system to solve these difficulties for us, through the automatic or bilaterally negotiated incorporation of our I O U's into the world reserve pool;

(ii) To avoid destabilizing shifts between reserve currencies and gold metal;

(iii) To use the lending power derived from the creation of credit reserves for the support of internationally agreed policy objectives, including particularly IDA, as I mentioned before;

(iv) To encourage the development of regional—as well as of worldwide—monetary cooperation through the regional pooling of SDR's by members of regional economic groups; and

(v) To adjust other IMF rules to a realistic appraisal of members' legitimate concerns and interests in the management of the resources contributed by them to the Fund.

I might add that I would find it difficult to approve the Rio agreement if I felt that its rejection would lead quickly to a better agreement rather than to the chaos which the lack of any agreement would entail.

Most of all, I am convinced that agreement is urgently needed to preserve the necessary framework for an orderly evolution of the world reserve system in the future. This evolution will not be stopped by the mood of the Rio negotiators as of September 1967. The creation of a truly international reserve asset by international agreement would break the old nationalistic and conservative taboos that have repeatedly brought us to disaster in the past, and to the brink of disaster today.

Once these taboos have been broken, the evolution of our institutions and policies will be determined by the logic of events far more than by the passing convictions of our officials, no matter how strongly held—or expressed—today.

The puzzling gyrations in the Group of Ten negotiations should reassure us as to the flexibility of mind of our official experts and statesmen.

For instance:

(*a*) All the officials strongly resisted, until 1962 or 1963, the opening of any official debate on international monetary reform, but they initiated this debate in 1963.

(*b*) The creation of a new international reserve asset was rejected by our most brilliant and responsible negotiator, as late