monetary policy, and when for a given year or two you did not want to issue any monetary units, so then the countries benefiting from these projects would be left stranded.

Chairman REUSS. If I may interrupt, the proposition was not really to link specific batches of SDR's to a specific dam or irrigation project. It was to make them fungible, to so speak, to use SDR's as a method of adding to the total lending power of IDA, and if for reasons of retrenchment in SDR's in a given period or for reasons of budgetary retrenchment in IDA overall, there had to be an on-again off-again end result in certain development projects in certain countries that would be too bad, of course, but it would not be particularly the fault of linking it with SDR's, would it?

Sir ROY HARROD. I quite understand that the proposal is not for the use of particular batches of SDR's for particular projects.

Nonetheless, IDA has got to budget; if it is to be careful, it ought not to engage in some projects of considerable duration, unless it sees from where the funds are coming.

Unfortunately, the funds available to IDA seem to be somewhat precarious; thus it might come to rely on this source of funds, namely, SDR's the value of an issue of new units, when it was undertaking longer range projects, since its other sources of funds might dry up because legislatures refused to vote replenishment. So it would come to rely on SDR's at a time when the high monetary authorities thought that none should be issued, owing to world inflationary tendencies.

Chairman REUSS. As it is now, IDA gets what reliance it can out of the commitments of its consitutent governments to contribute, usually over a 3-year period, a certain amount each year out of general budgetary processes of the constitutent countries.

I should not think there would be any reason why SDR's cannot be made available with substantially equal certainty.

After all, SDR's are going to be programed over a 5-year period, and we are just talking about a marginal amount of them here, 10 or 20 percent.

Sir ROY HARROD. I do not attach great importance to this argument. I was only trying to give expression to what——

Chairman REUSS. Some of the hazards.

Sir ROY HARROD (continuing). What I think the bankers are apt to argue.

I think that, if allotment of SDR's to IDA were a small proportion, something like 20 percent, that would be pretty safe.

Chairman REUSS. So that on balance you would favor the initiation of discussions on the linkage of SDR's and economic aid as soon as the first activation has occurred, so that you do not distract the activators by other things?

Sir ROY HARROD. After activation and on the basis of a proportion.

I would not go so far as the original plan of Max Stamp who thought in terms of the whole of the new units going to the less developed countries.

Chairman REUSS. Yes.

How about the other point, the pooling of SDR's by regional groupings? Does that seem to you a valid use of the new SDR's?

Sir ROY HARROD. Yes, it does, I think. It sounds like a good scheme.

I am not quite sure how it is related to the outline agreement; that is, I am not yet quite clear how far countries will have the liberty to