

the decisions of the executive directors. They do not in the decision of the governments. But in practice, in the executive board of the Fund, some European countries are exercising the voting power of small nations which they are representing in the Fund, and that gives them already more than 20 at the moment.

Sir ROY HARROD. Can't these unfortunate small nations say, "We don't agree until the executive director"——

Mr. TRIFFIN. No. The executive director is compelled by the rules of the Fund to express only one vote, and if he has the votes of Israel, for instance, whether Israel says yes or no does not matter. The director cannot split his vote, even though he represents countries having different views on the matter under discussion.

Sir ROY HARROD. This is an abuse which one day will have to be looked into.

Mr. TRIFFIN. That is why I think some rules of the Fund may have to be looked into.

Sir ROY HARROD. Perhaps they will come in these amendments that are proposed.

But in connection with this same point, as a digression, I notice Mr. Triffin referred in regard to countries contributing to GAB, and I have seen this referred to also in the press, that the Common Market countries should be given more voting power because they have contributed, not only their quota of gold and their own currencies up to quota obligations, but also because they have contributed sums by way of the GAB, as creditor countries.

This seems to me most fundamentally wrong in principle. If you are going to "plow in," so to speak, the GAB contribution—there is a case arguable for that—you could say that the voting should depend not on quotas but quotas plus GAB contributions. OK.

But this extra voting right must not relate to the contributions of the particular countries that they have made under the GAB because they have been creditor countries in particular years. If you are going to bring in the GAB, as regards the voting conditions in the IMF, it must be on the basis of the amount of standby in the GAB that each country has provided.

The United States provided \$2 billion. It is true that those \$2 billion have not been used in this particular run of years.

Well, it is true that the German and French contributions have been used in these years because they happened to have been creditors. But they are not going to be creditors forever, and at another time the United States is going to be a creditor. What should be the criterion for any extra voting power granted to a country owing to its GAB participation, should be in proportion to the standby contributed. I am sure that is absolutely an essential.

Mr. TRIFFIN. Could I discuss that point, Mr. Chairman? I think again we are talking here about hardheaded central bankers, and if we applied simply the principle of standby or willingness to contribute, then we would be led to say: Well, Brazil could acquire a much larger voting power in the Fund by offering a standby agreement under the General Arrangements to Borrow, to lend to the Fund 500 billion cruzeiros.

Sir ROY HARROD. Excuse me; I am not talking in the slightest degree of other countries who are not parties to the GAB and might