

In practice, what it means is that a qualified majority must take at least two of the largest countries, plus one of the smaller ones. No single country can exercise a veto right on the decisions.

Sir ROY HARROD. This is not decisive because that is on those questions where the decision is based on a majority, qualified or otherwise. But then there are other decisions which require unanimity.

Mr. TRIFFIN. Yes; but they have never agreed so far that decisions about this sort of issue would require unanimity. They are trying to, some of them would like to, have such a decision that they must have, express their views, in the Fund with a single vote, but this is not something which has been so far accepted by the Common Market countries.

Chairman REUSS. Let me ask this specific question: Suppose five of the six Common Market countries, everybody but France—

Mr. TRIFFIN. Yes.

Chairman REUSS (continuing). Wanted to have a general quota increase in the regular IMF, which would markedly increase their quotas, and suppose France demurred. Would that or would it not be an effective veto of Common Market action?

Mr. TRIFFIN. I would like to make two points on that, Mr. Chairman, but I would ask you for permission to make the second off the record.

Chairman REUSS. Yes.

Mr. TRIFFIN. But the first one is quite simple. Legally, they could make the decision without the participation of France, according to the present rules of the Common Market.

That does not mean that they would not hesitate quite a lot before doing so. I recognize there are some political implications here and that some countries might not wish to provoke another crisis in the Common Market, even by doing something that they are legally authorized to do, so I do not think that the legal answer is decisive. I do not think that voting decisions would actually be taken on the basis of the legal provisions of the Treaty of Rome.

The second thing which I would like to say off the record—

Chairman REUSS. Off the record.

(Whereupon, there was a short discussion off the record.)

Chairman REUSS. Back on the record again.

Let me ask this question, Mr. Triffin. You have said that, with respect to the parallel proposed changes in the regular IMF procedures, you would regard it as vastly preferable to have quota increases and let the Common Market, so to speak, earn its veto that way.

Mr. TRIFFIN. Yes.

Chairman REUSS. Suppose, however, that the Common Market negotiators in months to come are intransigent and stick to the proposition which has been advanced that they should be given a veto without a quota increase by the device of raising the requisite majority to 85 percent.

Mr. TRIFFIN. Yes.

Chairman REUSS. Would you think that as the price of getting the ratification of the SDR agreement we should go along with such a change in regular IMF voting procedures?

Mr. TRIFFIN. Mr. Chairman, I would again say that I would hope that our negotiators could, in fact, reach the other solution with the Common Market people.