

could redeem dollars without having to give up its gold.

If the 106 IMF nations approve the new money the IMF charter would have to be revised and approved through ratification by a majority of the member countries. It is doubted this can be accomplished before 1969.

Even though the new money is not assured, France has insisted on a weighted vote by the IMF representatives that will require 85 percent approval. The weighted vote gives the Common Market countries a bloc vote that could veto any issuance of the SDRs. Previously by the United States had enough power in a single vote to block IMF action on a large percentage vote, the United States being entitled to a weighted vote of 24.59 percent.

And France, for one, has not indicated that its convinced more reserves are necessary. It has agreed only to the contingency plan.

In other words the IMF would be unlikely to propose the creation of new reserves unless the big powers shared a universal feeling that there was a need.

But for the U.S., Canada, Britain and those among the Continentals who agreed that the time has come to provide a new reserve asset to rank along with gold and dollars, the SDR agreement appears to be a great victory.

It seems to assure that those who speculated in gold by hoarding or buying gold stock have met a spectacular defeat. Those who had hoped the existing monetary system would fail, necessitating a big hike in the price of gold, have made a bad guess.