their reserves. There is no more equitable way of assuring the balanced use of reserves than to require countries to use all of their reserve assets in the same ratios in which they hold them. Moreover, once the composite gold standard is adopted there is no need for any supervision of reserve transactions. The establishment of a Reserve Settlement Account with transfers of reserves made only in the form of CRUs would prevent constant maneuvering to change the composition of reserves. The final settlement on the withdrawal of a participating country from the Reserve Settlement Account could give effect to any agreed principles regarding the use of different reserve assets, including those in Schedules F and G of the Amendment to the Fund Agreement.

The adoption of a composite gold standard is a natural evolution of the gold standard. It is the only way to assure the continued use of gold as reserves, in distinction to its hoarding by the monetary authorities. The attempt to operate a gold standard without the use of gold reserves in international settlements, except in emergencies, could ultimately lead to the complete demonetization of gold. The adoption of the composite gold standard requires no new international machinery. The establishment of the Reserve Settlement Account requires no amendment to the Fund Agreement. It can be administered by the IMF as an independent department to carry out the provisions for the use of SDRs and other reserves. All that the IMF would have to do would be to require that implicit transfers through the Reserve Settlement Account should be in accordance with the present rules for designation and reconstitution as stated in the Amendment until new rules can be adopted under the authority of Article XXV, Sections 5(c) and 6(b).