

conceded. I list below a few of the specific features that may be worth discussing:

1. Dollars and sterling deposited with the pool are debts of the U.S. and U.K. governments, and would earn interests for IMP members. With respect to the rate of interest charged to the U.S. and U.K., a distinction could be made between (a) existing balances and (b) new balances. Existing balances need to be funded, and a modest rate of interest, of perhaps $3\frac{1}{2}$ per cent, would be appropriate. But new balances acquired through current surpluses would yield for the pool penalty rates of, say, $5\frac{1}{2}$ per cent or even 6 per cent. The U.S. and U.K. would have the option of exchanging excess holdings of intors for U.S. liabilities in the pool.

2. The IMP will earn profits from (a) interest on sterling and dollar balances and (b) gold transactions. The profits will be used to pay expenses of the operation, to establish a reserve fund, and to pay dividends to holders of intors.

3. Pool members will be protected against a change in the exchange rate between sterling and dollars on the one hand, and intors on the other. If the pound is devalued in terms of intors by, say, 10 per cent, the U.K. would be required to supply the pool with an additional quantity of interest-bearing pounds equal to 10 per cent of the IMP's holdings of sterling. The same holds for the dollar. In other words, dollars and sterling assets of the IMP would be intor-guaranteed.

4. If the price of gold is altered through Article IV (7) of the Fund, i.e. through a uniform change in par values, IMP members would receive additional quantities of intors equal to the ratio of gold holdings to the quantity of intors outstanding multiplied by the proportionate change in par value, subject to the discretion of the directors.

5. Membership in the International Monetary Fund would not be a prerequisite for membership in IMP. To be eligible for the bonus involved in founding membership, a country could give notice of its intention to join pending legislative approval.

6. Although the U.S. alone, or the U.S. and U.K. jointly, could promote the scheme on their own, its success and universality would be enhanced by the inclusion of three of the following countries: Germany, France, Italy, Japan, Canada, Switzerland, the Netherlands, Belgium and perhaps Sweden, India or Mexico.

7. In the event that the U.S. is reluctant to sponsor a new initiative in this field, financial leadership could originate elsewhere. The U.K., Germany, Italy, France, Japan or India could sponsor the scheme to create an alternative to the dollar.

8. On a more limited scale, the device would be used for regional currency arrangements to create a Euror or Laor or Asor or Afor or Sterlor, making use of the same principles. But there would be a distinct advantage if the U.S. took the initiative because it would establish the intor at the outset as a potentially universal arrangement, and it would be expensive to stay out of it.