

disentangle the long-run movement toward a world central bank from the short-run problems of the problems connected with the gold margins, and the intermediate run problems connected with the revision of the exchange rate system. It may well be that you need a long-run committee looking at long-run problems, and a short-run committee looking at short-run problems. Intellectual research is far behind in this field.

Chairman REUSS. Mr. Bernstein?

Mr. BERNSTEIN. I wouldn't want my silence on the statements made by my colleagues to indicate that I agree with them in their analysis. They generally have the facts right but these are questions of opinion as to what is going on and what will happen. I would like to emphasize that.

Now, first, on your suggestions, Mr. Chairman: I think we ought to take them in their order of importance. I think the most important single step now is the rapid ratification of the early activation of the plan for special drawing rights. I don't think that the lag in ratification is greater than we had expected. I think we have made inquiries, I mean our Government has made inquiries, as to the status of ratification, and I think we are satisfied that the progress is about as rapid as you can get, and that it indicates that early next year the ratification will be completed. Nevertheless, it might help to stir the members of the Fund to do that. I regard that as the most important question.

Now, the second most important question, in my opinion, is the development of some plan along the lines of the reserve settlement account. I am not sure that all plans are the same. I doubt they are, but they may all have the same purpose and they may even have much the same effect.

The reserve settlement account is now very familiar to the Group of Ten. They have received many papers on this question, with all sorts of theoretical analyses, practical analyses, and even with accounting analyses.

My own guess is that about half of the countries in the Group of Ten are not only familiar with it, but are in favor of it. I think something like this will be discussed informally at the next annual meeting. But I see no objection to making it clear to the rest of the world that we regard the maintenance of the balanced use of all the different reserve assets, gold, dollars, sterling, and SDR's, too, when they come out, as essential for the proper functioning of the international monetary system.

Now, on gold, we have several different proposals and some which aren't proposals at all, but analyses. Let me see if I can help get this very realistically.

It becomes realistic the minute you talk about what the IMF can do and can't do. Unlike Mr. Mundell, but maybe because I have had more experience with the writing of the Fund agreement, I don't find casual reading of the Fund agreement as clarifying as he does. I find that it takes a little more than casual reading.

Without having the articles of agreement before me, therefore, I would say the following: It is possible for the International Monetary Fund without amendment to the articles of agreement, to set a band for the buying and selling of gold by its members. The articles of agreement say the Fund shall set the margin above and below \$35 an ounce which members shall deal in gold and it has changed. It establishes the