HYPOTHETICAL RESERVE COMPOSITION AS OF MAR. 31, 1968

[In billions of U.S. dollars]

				Other reserves		Gold impact	
	Total (a)	Working balances (b)	Total (c=a−b)	Minimum in IMF (d=0.35c)	Maximum in gold (e=0.65c)	Actual gold (f)	Maximum gold shifts (g=e−f)
I. Reserve centers	16.6	2.3	14.3	5.0	9.3	12.2	−2.9
United States	13.9	1.5	12.4	4.4	8.1	10.7	−2.6
United Kingdom	2.7	.9	1.8	.6	1.2	1.5	−.3
II. Industrial Europe	32.3	3.6	28.7	10.1	18.6	18.3	+.3
A. European Community:	25.8	2.8	23.0	8.0	14.9	14.7	+.2
France	6.9	.6	6.3	2.2	4.1	5.1	−1.1
Belgium	2.6	.4	2.2	.8	1.4	1.4	
Netherlands	2.5	.4	2.1	.7	1.4	1.7	−.3
Germany	8.5	.9	7.6	2.7	4.9	4.0	+.9
Italy	5.3	.5	4.8	1.7	3.1	2.4	+.7
B. Other	6.5	.8	5.7	2.1	3.6	3.6	
Switzerland	3.0	.2	2.8	1.0	1.8	2.6	−.8
Austria	1.4	.1	1.3	.5	.8	.7	+.1
Denmark, Norway, Sweden	2.1	.5	1.6	.6	1.0	.3	+.7
III. Other developed countries	10.4	2.1	8.3	2.9	5.4	4.2	+1.2
Europe	3.5	.5	3.0	1.1	1.9	1.9	
Canada	2.3	.5	1.8	.6	1.2	1.0	+.2
Japan	2.0	.6	1.4	.5	.9	.3	+.6
Other	2.6	.4	2.2	.8	1.4	1.0	+.4
IV. Less developed areas	13.3	2.1	11.2	3.9	7.3	3.1	+4.2
V. World	72.6	10.1	62.5	22.0	40.5	37.8	+2.7

Source: All estimates are derived from the "International Liquidity" and "World Trade" estimates of International Financial Statistics (September 1968, pp. 14–18 and 35) rounded up to next $0.1 billion.

EXPLANATORY NOTES

1. Working balances, retained directly in foreign currencies, should not exceed 10 percent of 1967 exports and are assumed to average about 5 percent. These assumptions, however, are made only for illustrative purposes. Agreed working levels should be a matter for negotiation and should take into account foreseeable needs for proximate debt repayments.

2. Reserves proper—i.e., beyond working balances—should be held exclusively in gold and/or deposits with the IMF:

   (*a*) the proportion retained in gold should not exceed, as a maximum the average proportion of IMF and countries' gold holdings ($40.5 billion, as of March 31, 1968) to countries total reserves beyond working balances ($62.5 billion); i.e., about 65 percent as of the end of March 1968; see column (e):

   (*b*) the remainder (35 percent or more) should be held in deposits with the IMF, see column (d);

3. If, contrary to expectations, all countries kept the allowable maximum of their reserves in gold, in spite of the gold-value or exchange guarantees and earnings attached to IMF deposits, the resulting maximum gold transfers are shown in column (g) and their net sum is equal to the IMF gold holdings at that time.

4. If countries were allowed to convert into gold the portion of their IMF deposits which exceeds the agreed minimum, only when their working balances exceed 10 percent, gross gold withdrawals would have been limited to $2.5 billion (instead of $5.7 billion): $2.1 billion by the less developed countries—least likely to effect such withdrawals—and $0.2 billion each by Italy and the Scandinavian countries (col. g minus col. b). This would leave a substantial amount of gold available to the IMF for agreed interventions in the private gold market.

5. Subsequent deficits, or surpluses would be fully financed by the depletion of, or accretions to, each country's working balance. Surplus countries could