Under the two-tier system, the commodity price for gold has fluctuated within a range of about $38 to $42 per ounce and the loss of monetary gold to the commodity market has ceased. Monetary authorities have continued to cooperate in a responsible manner in managing their transactions in monetary gold at the official price, and the gold reserves of the United States have risen since the end of March 1968.

The Washington Communique of March 17 made clear the fact that it is unnecessary to rely in the future on gold as a major source of additional monetary reserves. Existing monetary gold reserves will continue to play their role but over time should gradually become a smaller part of total world reserves. Special Drawing Rights, which will serve as a supplementary reserve to both gold and dollars, will be the long-run growth element in world reserves.

Facility for Special Drawing Rights

The second major development in 1968 was the completion of the Proposed Amendment establishing the Special Drawing Rights Facility in the International Monetary Fund and its approval by the Governors for submission to member governments for formal ratification. This process of ratification is now in progress. The new facility comes into existence when 67 members of the Fund (three-fifths of the membership), having 80 percent of the votes in the Fund, formally ratify the Amendment and when, in addition, members of the Fund having 75 percent of the total quotas in the Fund certify to the Fund that they are qualified and able to participate in the facility. The process of ratification and certification is expected to be completed early in 1969.

Although an Outline Plan for the Special Drawing Rights had been approved at the Annual Meeting of the Fund in Rio de Janeiro in September 1967, some further negotiations were required to complete the detailed provisions of the plan and to prepare certain other amendments to the Fund's Articles of Agreement proposed by the continental European countries. These other amendments strengthen to some extent the position of the creditor countries in the Fund.

These issues were resolved among the Group of Ten Ministers and Governors at a meeting in Stockholm on March 29–30, 1968. The French representative, however, did not join with the other members of the Group of Ten in approving the compromise text of the omnibus Proposed Amendment, but reserved France's position. Following the Stockholm meeting, the Executive Directors were able to complete the formal legal text of the Proposed Amendment. This was submitted to the Governors of the Fund on April 16, 1968, and subsequently received the favorable vote of the Governors of the Fund.