

HAS BEEN ACCURATELY CHARACTERIZED BY MR. SCHWEITZER AS THE MOST SIGNIFICANT DEVELOPMENT IN INTERNATIONAL COOPERATION SINCE BRETTON WOODS AND AS A LANDMARK IN THE EVOLUTION OF THE INTERNATIONAL MONETARY SYSTEM. WE WOULD NOW HOPE THAT THE NEW ARTICLES NECESSARY TO IMPLEMENT THE ARRANGEMENT WILL SOON BE READY FOR GOVERNMENTS AND WILL RECEIVE SPEEDY RATIFICATION BY THEM.

WE ARE ALL AGREED ON THE NEED TO ACHIEVE AN INTERNATIONAL PAYMENTS SYSTEM WHICH WILL ENCOURAGE THE SMOOTH GROWTH OF WORLD TRADE AND CAPITAL FLOWS. FOR THIS TO BE ACCOMPLISHED, COUNTRIES MUST SO MANAGE THEIR AFFAIRS THAT IMBALANCES IN THEIR INTERNATIONAL PAYMENTS POSITION CAN BE KEPT WITHIN ACCEPTABLE LIMITS BY MEANS THAT ARE NOT DISRUPTIVE OF WORLD TRADE OR CAPITAL FLOWS. THE PROBLEMS INVOLVED IN ACHIEVING AND MAINTAINING A REASONABLE DEGREE OF PAYMENTS BALANCE ARE OF COURSE EXTREMELY COMPLICATED AND DIFFICULT. TO ACCOMPLISH THIS OBJECTIVE, COUNTRIES MUST HAVE ACCESS TO INTERNATIONAL RESERVES OR OTHER SOURCES OF EXTERNAL FINANCE TO PROVIDE TIME FOR THEM TO ACHIEVE ORDERLY ADJUSTMENTS IN THEIR EXTERNAL POSITIONS. HOWEVER, WHILE THE SYSTEM MUST PROVIDE FOR AN ADEQUATE GROWTH IN RESERVES, THE ARRANGEMENTS GOVERNING THE VOLUME OF INTERNATIONAL RESERVES AND ACCESS TO CREDIT SHOULD NOT IN ANY WAY ENABLE COUNTRIES TO POSTPONE ACTION TO DEAL WITH EMERGING EXTERNAL IMBALANCES. THE TOTAL VOLUME OF INTERNATIONAL RESERVES IN THE HANDS OF NATIONAL MONETARY AUTHORITIES HAS THUS FOR FAR BEEN BASICALLY DEPENDENT ON THE SUPPLY OF GOLD/RESERVE PURPOSES AND THE BALANCE OF PAYMENTS POSITIONS AND RESERVE POLICIES OF A