

their internal policies, to exchange with the Fund or with each other for convertible currencies. These special drawing rights are to be endowed with certain characteristics (a moderate rate of interest and a gold-value guarantee) which will make them attractive to hold. Their transferability will be ensured by undertakings by member countries to use these new drawing rights in balanced relation with their other reserves and to accept them up to quite generous limits.

Another feature of the plan also designed to ensure acceptance and transferability is the requirement that countries using the supplement to the maximum amount of their allocation should restore, or "reconstitute", some part of their original holdings. We should have preferred the plan without this particular provision, as in our view the system will work best if the new facility is regarded by monetary authorities as being as freely usable as their other foreign-exchange assets. Naturally, all reserves must sooner or later be reconstituted by the ordinary processes of adjustment if countries are to be in a position to cope with recurrent imbalances in their payments positions. However, the plan is sufficiently flexible to enable it to be adapted in the light of experience.

The breadth of membership of the Fund ensures that the regulation of the supply of unconditional liquidity in the world will be responsive to the needs of the whole system. The arrangements under which the members must achieve a broad consensus of view on major decisions will ensure that we move forward at a deliberate pace in this bold undertaking. Similarly, the key role to be played by the Managing Director of the Fund in securing the essential consensus and in dovetailing the new facility with the supply of conditional liquidity is of great advantage. The Fund has had more than 20 years of experience in pioneering the frontiers of international financial co-operation, and the staff has learned to combine imagination and caution in approaching the problems of its diverse constituency. In the process, the Fund has evolved to meet the changing requirements of the world. The patient and wise leadership which the present Managing Director of the Fund has given convinces me that he is the person to entrust with the job of launching this new endeavour. These are the main reasons why Canada gives strong and enthusiastic support to the creation of a reserve facility in the Fund.

The resolution provides for a report concerning amendments to the Articles of Agreement and by-laws which the Executive Board may recommend apart from those necessitated by agreement to establish a new facility. These two sets of amendments are quite properly to be presented in two separate reports, and with the same target date, though the resolution does not provide that the acceptance of the special -- drawing -- right proposal is conditional on the acceptance of other amendments to the Fund Agreement. I do wish to stress the importance of speed in preparing the two reports. In our view, it is of the greatest importance that the establishment of the new facility proposed to us at this meeting should actually take place as quickly as possible.