

\$550 million to \$740 million. In recent months the Fund has completed a re-examination of its compensatory financing facility and the new proposals which have been approved by the Executive Directors add a welcome degree of flexibility to the provision of compensatory financing by the Fund.

In the field of international monetary reform the Fund is also continuing to play a constructive role. Its studies have clearly pointed to the need for some modification in the international monetary system if it is to continue to function as satisfactorily in the future as it has in the past. One essential modification concerns the need to devise and put into place adequate machinery for the deliberate and rational creation and management of a new international reserve asset. Important progress towards attaining a consensus on a plan which would provide for the creation of such a new reserve asset has been made in the past year but the rate of advance in many respects has been disappointing. We think it essential that substantial further progress be made in the year ahead.

We are hopeful that the joint meetings which have been planned between the executive directors of the Fund and the deputies of the group of ten will constitute an important step forward towards the goal of reaching a satisfactory solution to these problems. We fully share the managing director's satisfaction at the results of the first of these joint meetings which was held recently in Washington, D.C. A common ground of understanding among the participants in these discussions emerged in Washington on many of the principal characteristics of any future reform of the international monetary system. There is now a wide measure of agreement that any arrangements for the creation of a new reserve asset should be very closely associated with the International Monetary Fund.

It is also generally agreed that, since the need for adequate growth of reserves over time is universal, any system of additional reserves should provide for the sharing by all countries of the newly created reserve assets. There are of course a number of important questions which remain to be answered but I share the view of the Managing Director of the Fund that the joint meetings of the Executive Board and the deputies of the ten will be helpful in moving ahead quickly towards a consensus on a plan.

In closing, I would like to stress again the central role the Fund has played in the international monetary system in the postwar period and which in our view it must continue to play in the future. Through all of its operations, among the most important of which have been its regular consultations with members and its contribution to economic cooperation and balance of payments adjustments, it has helped for two decades to ensure steady world economic growth and the confidence in the international monetary system on which this growth is dependent. It is entirely in keeping with this tradition that we should look to the Fund to play a major role in the planning for and administration of the further evolution of the international monetary system.