

the liquidity facilities of the world. In brief, we make available a portion of each country's quota to the country in any currency it needs on an unconditional basis. It could be a very bad country, doing a lot of wrong things, but we will give it some help, some defined amount of help automatically. But, as one progresses up in the quartiles, or as we call it, the tranches, of the country's quota, which under our ordinary practices are five--the first 25 percent ordinarily reflects their payment in gold plus four so-called credit quarters, or tranches--the Fund exacts more and more conditions of the country before it will give the country access to the upper ranges of the quota.

Now, that latter role of conditionality in the use of the Fund's resources puts the Fund, of course, in a potentially powerful position as a guider of actions of countries, because we have the power then to say yes to a country that we think is going to do something sensible and no to a country that is not going to do something sensible.

This has become conspicuous because, as countries now turn to great commercial banks in the United States and Europe to ask for short-term help, those banks, if they don't themselves like how things look in a country, have gotten into the habit of saying, "Where do you stand with the Monetary Fund? Have you got an arrangement with the Fund? Have you got a standby arrangement or can you get one? Have you got an agreed program of action to get yourselves out of this deficit that is causing your trouble?" If the country says no and has to say no, then they may