

money, for 1-year money, let us say, the maximum which is allowed by regulation "Q."

Chairman PATMAN. Much of our gold has been distributed to other countries of the world during the last few years.

Has that been good for the countries of the world and good for the United States, or has it been harmful?

Mr. LOLLI. Personally, I think it is good for the European countries to have a strong dollar. Anything which is weakening the dollar is bad for the European economy in general.

Chairman PATMAN. That helped us as well as the other countries.

Mr. LOLLI. It did not help, I would say. It weakened the dollar. The fact that the gold reserves of the United States are now at \$16 billion, only \$4 billion from the minimum of \$12 billion which, by legislation, is considered the minimum available for currency coverage, I think is a dangerous situation; not because the dollar is weak in its substance, but because any time that the newspapers publish in Europe, and every newspaper publishes it, that the U.S. Treasury has lost \$50 million of gold or \$60 million of gold, the confidence declines. It is unjustified.

Chairman PATMAN. It is psychological.

Mr. LOLLI. It is a psychological crisis. Something should be done to restore the confidence, and to have faith in the dollar.

Chairman PATMAN. What about you, Dr. Niehans?

Mr. NIEHANS. I think a certain limited redistribution of gold was to everybody's advantage. I think it went too far in part for the reasons mentioned by Mr. Lolli. In part, also, because some European countries were quite embarrassed to get this influx of gold. As far as Switzerland is concerned, we would like to have somewhat less. We have to find ways and means to deal with excessive domestic liquidity.

Chairman PATMAN. What about you, Mr. Day, would you like to comment?

Mr. DAY. I would broadly agree with Mr. Niehans. I think the redistribution of the gold and the decrease in the dollar liabilities of the United States was, for many years after the war, to the benefit of the United States and the rest of the world economy.

But the limit of this redistribution has been reached and probably passed. Our need now is for some other way of increasing the reserves of the rest of the world—some way other than acquiring gold from the United States.

Chairman PATMAN. Thank you, sir. Mr. Curtis.

Representative CURTIS. Thank you, Mr. Chairman. Let me join the chairman in his remarks of appreciation to you gentlemen for your very fine papers and stimulating discussion.

I was very interested in seeing this dilemma posed to us. I agree that one horn does exist, the balance-of-payments problem. But the way I see our way off the other horn of the dilemma is that it does not exist. We have a very strong economy. I think it is growing, and growing rapidly.

But I think we have been missing the ways one measures the growth of an economy such as ours. I was particularly interested, Mr. Lolli, in your paper where you make this one point, among others.